FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,5… Thursday September 3 1981 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 1000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 25c

NEWS SUMMARY

GENERAL

Benn returns to Labour campaign

Labour Party deputy leadership candidate Tony Benn returned to campaigning, three months after entering hospital with a neurological disease.

Mr Benn said he was "99 per cent fit." He plans daily public appearances around the country until the election on September 27. Back Page

New Iranian PM

Iran's parliament confirmed *Ayatollah Mohammed Reza Mahdavi-Kani*, a former Interior Minister, as the new Prime Minister. Page 4

Clift decision

The Home Office gave notice of compulsory retirement on *grounds of limited efficiency to* forensic scientist Dr Alan Clift, *criticised by* Edinburgh appeal court judges who freed an innocent man who had served eight years for murder.

Coalition hope

Queen Beatrix of The Netherlands asked caretaker Prime Minister Andries van Agt to form a Centre-Left coalition *government*.

Polish hard line

Polish Communist Party Central Committee members strongly attacked economic reform plans supported by Solidarity, the free trade union.

Livingstone ruling

The British Forces Broadcasting Service decided not to broadcast an interview with Greater London Council leader Ken Livingstone in which he calls on soldiers and IRA gunmen to lay down their arms.

Police code call

Lord Scarman, conducting the second part of his inquiry into London riots, suggested a new clause on racial discrimination *for the Metropolitan Police* disciplinary code.

Food warning

The Soviet Communist Party warned local branches to conserve food because of damage to the grain crop. Page 2

Dissident trial

Soviet dissident Anatoly Marchenko went on trial in Vladimir accused of anti-Soviet agitation.

Protest fired on

Workers demonstrating over *non-payment of a bonus were* fired on by police at Pakistan's *only steel mill, operated with* Soviet help near Karachi. Two *were wounded.*

Sub crash payout

The U.S. paid Y255m (£600,000) compensation *to the owner of a* Japanese freighter sunk in a *collision* with a U.S. submarine in April.

Painting found

A Rembrandt portrait of Jacob de Gheyn III, said to be worth £1m, *was found by police in a* taxi in West London. It was *stolen from a South London* gallery two weeks ago.

Abortion charges

Three Belgian doctors were charged under a nineteenth century law with performing abortions—a charge not brought since 1973.

Gunman killed

A member of an armed gang was killed when a gun went off accidentally during a raid on an amusement arcade in Limerick. Four other raiders fled empty-handed.

Briefly . . .

Roman Catholic Archbishop of Brimingham resigned through ill-health.

Canton photographer was jailed for selling nude photographs.

Floods killed 43 in El Eulma, Algeria.

Women joined a Manx jury for the first time.

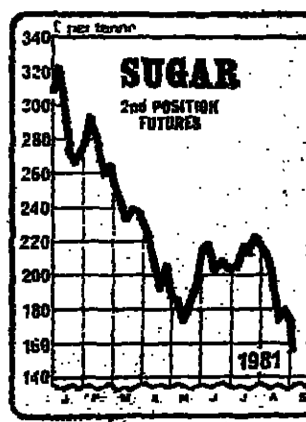
BUSINESS

$ down; Sugar off on crop optimism

● **DOLLAR** weakened in quiet trading, closing at DM 2.441 (DM 2.4512), FFr 5.842 (FFr 5.885), SwFr 2.1473 (SwFr 2.1575) and Y229.6 (Y231). Its trade-weighted index slipped to 110.7 from 111.4. Page 26

● **STERLING** rose 90 points to $1.8425, but was generally lower, finishing at DM 4.5 (DM 4.505), FFr 10.765 (FFr 10.79) and Y423 (Y423.5). Its Bank of England index was *90.8 (91.0). Page 26*

● **SUGAR** prices fell on good European crop prospects. In



London, the January position slipped to £157 a tonne before finishing at £163.25, £2.75 down. Page 28

● **GOLD** rose $4.5 to $429.5 in London. In New York the Comex September close was $434. Page 26

● **EQUITIES** were subdued on expectations of big cash calls. The FT 30-Share Index put on 0.3 at 568.3. **GILTS** improved on hopes that U.S. defence budget cuts would encourage lower interest rates. The Government Securities Index was up 0.36 at *64.48. Page 30; Business down,* Page 6

● **WALL STREET** was up 4.37 at 887.08 *before the close.* Page 27

● **U.S. BUDGET** director David Stockman *said a draft paper on* possible federal spending cuts, *perhaps meaning the end of* whole agencies, would be published next week. Back Page

● **CITY OF LONDON'S** net overseas earnings recovered last year after 1979's sharp fall, mainly because of bigger profits from banking. Back Page

● **DE BEERS**, South African diamond concern, pulled out of Zaire after holding exclusive marketing rights for the country's diamonds for 14 years. Mining, Page 21; Men and Matters, Page 18

● **BRITAIN'S** current account deficit with other EEC countries fell from £3.45bn to £372m last year, chiefly because of a surplus on visible trade. Page 6

● **MORE THAN** 2.6m jobs have *been lost in manufacturing* industry in EEC countries since 1974, statistics showed.

● **SALES** of military equipment to the U.S., to be discussed with U.S. Navy Secretary John Lehman this week, could be worth £2bn to British industry. Page 6

● **BABCOCK** International, engineering and contracting group, saw pre-tax profits for the first half of 1981 fall from *£5.1m to £3.44m.* The interim dividend is maintained at 3.4p. Page 20; Lex, Back Page

● **SUN ALLIANCE** Insurance Group's pre-tax profits rose more than 50 per cent to £41.1m in the first half of 1981. Page 20; Lex, Back Page

● **GUARDIAN** Royal Exchange Assurance reported first-half pre-tax profits of £36.3m (£36m), thanks to a rise in net investment income of nearly 30 per cent. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchqr. 12pc '92	£83½	+ ½
Braham Millar	25	+ 5
Brant Brothers	117	+ 7
Haynes Publishing	148	+ 18
Plessey	398	+ 7
SA Breweries	209	+ 7
Stewart Wrightson	237	+ 17
Weir Group	43	+ 8
Westbrick Products	57	+ 7
Whitworth Elect.	98	+ 20
Wilson (Connolly)	198	+ 8
BP	310	+ 8
Ultar Explm.	70	+ 4

FALLS

Argyll Foods	124	− 4
Assed. Cmmnctns. A	52	− 5
Babcock Intnl.	113	− 5
Bowater	273	− 5
Diploma Invs.	200	− 8
GRE	356	− 24
Inchcape	365	− 10
Marchwiel	136	− 12
Phoenix Assurance	314	− 6
Phoenix Timber	122	− 4
Provident Life	333	− 9
Utd Scientific	517	− 11
KCA Intnl.	132	− 4
Hampton Areas	180	− 20
Northern Mining	178	− 8
Pancontinental	158	− 8
RTZ	565	− 12

UK-U.S. air fares up by 5% to 20% to combat rising costs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FARES between the UK and the U.S. are to rise over the next few days generally, by between 5 and 14 per cent. One airline, Air Florida, is to raise fares by up to 20 per cent.

The increases, approved by the Civil Aviation Authority, are intended to help the airlines recover rising costs of fuel and other items, and also to improve their cash yields, which have been hit by lack of transatlantic traffic this year.

This is the second round of Atlantic air fare rises this year, following those averaging 7 per cent in the spring. Losses on the route have been heavy in recent years, running at an estimated rate of more than $500m (£272m) a year for all the 30-plus scheduled airlines flying between Europe and North America.

Few airlines make profits on the once highly profitable route, and the recession in both the U.S. and Western Europe has kept traffic down. In recent weeks, in particular, the weakness of sterling against the dollar has had an additional depressing effect on holiday traffic from the UK to the U.S.

The new increases affect only airlines flying between the U.S. and the UK, but it seems likely that other airlines in Western Europe may follow suit on their U.S. routes.

So far, there is no indication of a widespread further international fares increase this autumn, through the International Air Transport Associa*tion, but it is thought likely that* at the association's annual meeting *in Cannes in late Ocober* efforts will be made to seek global fares rises from next spring, if not earlier.

So far as the UK is concerned, the Atlantic rises follow those recently sought of 5 per cent to Hong Kong. Inside the UK, several airlines, including British Airways, have applied to the Civil Aviation Authority to raise domestic fares by amounts up to 7 per cent as soon as possible.

The timing of the latest North Atlantic rises varies according to the airline concerned. Laker, Pan American and Trans World are putting their rates up tomorrow.

British Airways expects to raise them early next week, after informing all its agents, while British Caledonian will also be raising them in a few days. Air Florida expects to raise its fares by mid-September.

First-class fares on British Airways will rise by about 5 per cent, while the lower-rated fares, such as Super Club and Super Apex, will rise by about 14 per cent.

The single British Airways' first-class rate to New York from London, now £874, will rise to £917.50. The Super Club single rate will rise from £376.50 (basic) to £433, and from £453.50 (peak) to £513.50.

The cheaper Super Apex rates for round-trips between London and New York will rise from £204 (winter) to £233, from £254 (middle period) to £290, and from £284 (peak) to £324.

The Laker Airways' "walk-on" single fare to New York from Gatwick will rise from £79 to £90 in the low season, from £99 to £113 in the middle (shoulder) *season, and from £109 to £124 in the peak season.*

Airlines launch U.S. interchange pact, Page 7

Angola warns S. Africa

BY QUENTIN PEEL, AFRICA EDITOR, IN LUANDA

THE ANGOLAN Government yesterday issued its strongest warning yet that it may be forced to call on outside military assistance—almost certainly from Cuba—to repel the South African invasion in the south of the country.

The ruling Angolan council of ministers met in emergency session to consider its response to the invasion, and to the U.S. veto on Monday night of the UN Security Council resolution demanding South Africa's immediate withdrawal.

It launched a blistering attack *on what it called the* "shameful connivance of the Reagan Administration with the apartheid regime," and the U.S. "*abuse of its veto*" in the Security Council.

But while the Angolan Government warned that the *conditions had been fulfilled* for it to invoke UN Article 51 —which allows it to call for outside military assistance if attacked—it stopped short of doing so.

Government spokesmen also declined yesterday to react to the South African charge that Soviet military personnel have already been involved in the fighting, with one Soviet non-commissioned officer captured, and others killed.

The Angolan statement was issued on the eve of the UN General Assembly debate on the continuing conflict in neighbouring Namibia (South West Africa), which has now engulfed southern Angola.

The statement said that the U.S. veto in the Security Council "constitutes . . . a clear demonstration of the alliance of the U.S. Administration with the hated apartheid system," and "an insolent challenge to the African community in particular and to the international community in general."

The Angolan Government cited its right to self-defence in terms of UN Article 51 "until the Security Council takes the necessary measures for the maintenance of peace and international security"—which the U.S. veto had prevented it from doing.

Western diplomats in the Angolan capital believe the situation is serious, and the Government is under heavy domestic pressure to call for Cuban assistance.

There are still an estimated 15,000 to 20,000 Cuban troops in the country since they supported the ruling Marxist MPLA government in the Angolan civil war.

The Angolan Government is acutely aware that any move to call for Cuban assistance would further encourage anti-Angolan feeling in Washington.

The ambassadors of Britain, France and West Germany, who were taken to the south of the country at the weekend, were repeatedly assured that only Angolan troops had been involved in the fighting.

Considerable confusion remains about the exact situation in the war zone. The most recent Angolan communique reports further South African advances, while Pretoria has insisted it is withdrawing.

The U.S. said last night it would boycott the United Nations General Assembly special session on Namibia which starts in New York today—and then amid confusion, reversed its decision and said it would participate in the debate.

CBI calls for reflation move

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

REFLATIONARY measures costing £1.5bn annually for the *next four years were called for* yesterday by the Confederation of British Industry, whose leaders want the Government to help companies emerge from the bottom of the recession.

This is far less than the £6bn a year injection of Government spending which is being demanded by the TUC. It is regarded by the CBI as being compatible with the Government's overall policies.

The £1.5bn proposal is contained in the latest version of the CBI's "Will to Win" policy document which also breaks new ground by proposing that UK companies should discriminate positively in favour of British suppliers and contractors when placing orders.

But the document does not contain an intiative developed personally by Sir Terence Beckett, CBI director general, for "sunrise industries" to be selected by the Government and other experts for special *treatment.*

Many CBI members believed that this proposal would involve too much Government interven*tion in industry and it has been* quietly shelved.

The document does reflect CBI members' growing frustration with international trading practices. In a section called "agenda for recovery" it says there should be: "positive discrimination by British business in favour of British business; a touch of French or Japanese style guilt at buying imports; a commitment by businesses to help British suppliers develop competitive products."

The document is much smaller than an original discussion paper produced by Sir Terence in March which contained 75 proposals for action by the Government, companies and unions.

CBI members believed the time was not ripe for such a wide-ranging and long-range *approach. There are now only* 18 proposals aimed specifically *to helping industry through the* next five years.

The Government is told that there should be a "modest *yearly increase in the balance* between spending and taxation *of £1.5bn to get growth without* fuelling inflation."

Industrial costs should be reduced by cuts in energy prices and in the national insurance surcharge. Public service employment should be cut by 10 per cent a year to curb public spending.

£ in New York

	Sept. 1	Previous
Spot	$1.8380-8400	$1.8345-55
1 month	0.73-0.80 pm	0.68-0.75 pm
3 month	2.20-2.30 pm	2.20-2.30pm
12 months	6.70-6.90 pm	6.60-6.80 pm

CONTENTS

For latest Share Index phone 01-246 8026

Bonn Government parties agree ways to cut borrowing

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government coalition parties yesterday reached broad agreement on *ways of cutting public borrowing* next year. However, a number of key disputed issues which have been shelved seem likely to re-emerge in future negotiations.

The differences between the Social Democrat (SPD) and Liberal Free Democrat (FDP) partners were underlined in protocols added to the pact which emerged from a Cabinet meeting yesterday.

The complex package of savings and tax increases is aimed at holding the Government's net credit need to *DM 26.5bn* (£5.9bn) in 1982—compared with an expected requirement for this year of about DM 35bn.

The object is to take pressure off th ecapital market so as to encourage lower interest rates and an economic upswing.

The SPD has reserved the right, according to the protocols, to bring up again its plan for a new state investment programme to create more jobs if unemployment rises markedly. Its statement coin*cided with the release of jobless* figures for August.

The FDP said in its protocol that it reserved the right to reintroduce its proposals for a reduction in unemployment benefit. Meanwhile, the Cabinet agreed on an inquiry into the possibility of cutting sickness pay.

The SPD declaration reflects the feeling of many party members that the state should take the offensive on job creation—if necessary by bringing in a supplementary tax levy to finance new investment.

The FDP rejects such a levy. It thinks that an essential step to boost the economy is to see that the state does not "crowd out" the private sector on the capital market.

Both sides have had to trim their policy sails in long and often bitter negotiations. On balance the FDP has emerged with more of its demands fulfilled so far.

The SPD has seen DM 1.5bn worth of measures to boost public sector investment vanish almost as soon as they had been agreed. A compromise accord was reached last week between SPD and FDP ministers, but *the federal states have since* indicated that they will not par*ticipate in the financing—so the* scheme has been dropped.

Bonn parties hang on to power, Page 2

West German jobless total rises to 5.5%

BY STEWART FLEMING IN FRANKFURT

UNEMPLOYMENT in West Germany rose to 5.5 per cent last month to the worst August figure for 29 years, amid warnings that the recession is deepening.

The release of figures—which are up from 5.3 per cent in July and 3.7 per cent in August 1980—by the Federal Employment Office, coincided with a bleak forecast from the Deutsche Bank, the largest commercial bank in the country.

In its economic assessment for the rest of this year the bank predicts:

● Numbers out of work increasing from August's 1.3m more *rapidly towards the end of the* year.

● *A* "tangible" decline in capital equipment spending *following falls in May and June* in several key industries.

● *The first year-on-year fall in* consumer spending since World War II.

The bank notes that capital investment—which earlier in the year was holding up better than the overall economy, and which is seen as vital for the successful adjustment of the economy to the second "oil shock"—has shown signs of weakening.

Following a decline in domestic capital equipment orders of between 6 and 7 per cent in May and June in the mechanical engineering and electronic industries, the bank says that a "tangible decline in capital equipment spending in the second half of the year is likely."

The evidence of the weakening domestic economy has been accompanied by a brightening of the outlook for the Federal Republic's international economic position. Tuesday's announcement that the recent deficit on the current account of the balance of payments was, on a seasonally adjusted basis, *virtually eliminated in the* month of July was followed yesterday by a Government report of a balance of payments surplus *on current and capital account* for July of DM1.3bn (£288m) against a deficit of DM1.6bn in June.

Over the first seven months of this year the capital account has improved from a surplus of DM 3.3bn in the comparable period of last year to a surplus of DM 25.3bn.

High interest rates have been a major factor strengthening the capital account.

Lord Grade speaks of handshake with his friend Gill

By John Moore

"JACK GILL and I *are still* friends. I have seen him this morning. *I just shook hands* with him. No, he is no longer *working with the company.*" These remarks by 74-year-old Lord (Lew) Grade were made yesterday morning following the previous day's corporate bloodletting at Associated Communications Corporation, the entertainments conglomerate which he heads.

The previous evening a statement by Lord Grade had said that Mr Gill, his £100,000 a year managing director had resigned *from the board and all other* directorships of the group "following upon the decision of the board of Associated Com*munications* Corporation to discontinue the post of group managing director." A restructuring of the board was announced.

Mr Gill, a quiet-spoken accountant, had been at ACC since 1956 and has a 15 per cent voting stake in the company. He was regarded as Lord Grade's right-hand man and had been group managing director since October last year.

In the latest report and accounts which were issued this month Lord Grade *said in his* chairman's statement that "*to reinforce the top management* structure the board appointed Mr Jack Gill as group managing director. This endorses the confidence which I have expressed in him over the years."

The group's results for the financial year ending March 31, 1981, had been badly affected by losses of £28.4m in feature film production and distribution and losses of £4.65m in the records and audio tapes division. Overall the group had shown profits sharply down from £11.5m pre-tax to £2.8m.

Lord Grade remains chairman and chief executive after the board changes this week. "I am always taking an active role. I love walking around the place. I intend to remain *the chairman and chief executive*, as long as the board continues to have confidence *in me,*" he said yesterday.

"*They must have confidence* in me. They appointed me." He explained: "The chairman and chief executive can do the job *of managing director. What we* need is a very able and understanding financial director." His group plans to appoint a financial director, but *no names have* been announced. "I have asked the board to look around and come up with recommendations," he said.

Lord Grade said that on the night of the resignation of Mr Gill he had been in his office until 7.15 pm with lawyers sort-

Continued on Back Page
Men and Matters, Page 18

Italy aims to reduce public borrowing

By Rupert Cornwell in Rome

THE ITALIAN Government yesterday began its promised autumn offensive aimed at an agreed package to curb inflation and to reduce the country's spiralling public sector borrowing requirement.

After a first round of talks between Sig Giovanni Spadolini, the Prime Minister and senior economics ministers, it was made known that the 1982 budget would not be deflationary. Instead it would seek to make up for increased spending on capital investment, by cuts in the state's enormous current expenditure.

The Government's declaration of intent yesterday, before fresh discussions with unions and management on means of cutting labour costs, comes after alarming reports on the size of the 1982 deficit, if rapid corrective action is not taken.

According to preliminary *estimates here, next year's borrowing* requirement could reach an unprecedented L65,000bn (£28.6m), equivalent to about 13 per cent gross domestic product.

In the meantime, this year's targeted deficit of L37,500bn—representing about 10 per cent of GDP—is likely to be heavily overshot. In the first six months of 1981 alone, the Treasury's *shortfall totalled* L21,000bn.

Sig Spadolini's strategy in the run-up to the publication of next year's Budget and Finance Bill, due by September 30, is to secure a consensus among the country's interest groups on how to reduce inflation, running at a steady 20 per cent a year.

Early encouragement has come with outline agreement between the Industry Minister and trading associations on an informal two-month price freeze for several key commodities. These include pasta, sugar, cheese and eggs.

If such an understanding can be sealed, it would brighten the prospects for a deal with the unions in keeping labour costs down. This would necessarily involve some change in the *scala mobile* system of wage indexation—perhaps involving some form of target rate for inflation, lower than the current rate, on which indexation would be calculated.

On the extent of such an agreement depend the chances of a reform of the present structure of income tax rates, Sig Rino Formica, the Finance Minister, said yesterday. Such reforms would take account of fiscal drag as wage earners are pulled into ever higher tax brackets by inflation.

Sig Spadolini's determination to move fast will have been increased by new agitation on the political front. Amid wrangles over the make-up of a number of important local governments, talk is increasing of the possibility of new general elections after the demise of the current five-party coalition.

The fact that a number of senior politicians are busily denying any such intention suggests that early elections are exactly what they are expecting.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y.; and at additional mailing centres.

Jonathan Carr reports on the bickering over economic policy within West Germany's ruling coalition

Bonn parties hang on to power by one another's throats

THE Social Democrats (SPD) and Free Democrats (FDP) have governed in West Germany for 11 years but never has there been so much talk of the alliance's impending collapse.

In Bonn, reports of secret contacts between the liberal FDP and the Christian Democrat (CDU) *opposition flutter* like confetti in a breeze. One weekly magazine planned to revamp this week's issue in expectation of the domestic political story of the year, if not *of the decade.* A foreign journalist planning a journey south was mysteriously told by a high Government official that if he were wise he would hang on in Bonn for a while.

He could have made the trip after all. It now seems clear that if this Government is going to vanish, it is not going to do so this week.

Senior members of the SPD and FDP have surpassed themselves in the past few days in making provocative, and sometimes downright rude, public statements about one another. The ruling triumvirate of the SPD — Chancellor Helmut Schmidt, Herr Willy Brandt, the party chairman, and Herr Herbert Wehner, the parliamentary floor leader, have so far kept *aloof.*

But below the topmost level, diplomatic phrases have been largely discarded. One SPD leader accused the FDP chairman, Herr Hans Dietrich Genscher, of playing a tactical *double-game, flirting* with CDU while trying to force the SPD to accept his own policy line.

An SPD economics policy spokesman accused Herr Genscher and Count Otto Lambsdorff, the FDP Economics Minister, of retreating from liberal principles and trying to solve state financial difficulties at the expense of the weak. Social Democrats could hardly say worse about the opposition.

The immediate cause of this bickering is the coalition's effort markedly to cut Government borrowing next year, mainly through big savings in projected budgetary expenditure. The Government is now close to achieving its aim, but only after bitter discussion and several tactical errors.

Herr Schmidt publicly indicated that he was ready to support a plan for a supplementary tax levy to finance a state investment plan to create jobs. He is understood privately not to favour such a move and hedged his *approval* with conditions. He appeared to be yielding to pressure from trade unions and part of the SPD on an issue to which the FDP is opposed in principle, saying tax increases will *simply* depress economic activity.

At the same time, Herr Genscher infuriated the SPD by saying that the tax project was "dead—and cannot be deader" even before talks in which the Social Democrats planned to put their views on *the* issue onee more. Herr Genscher also urged renewed discussion on cuts in the unemployment and sickness benefit, which is the very heart of SPD social policy.

This might seem to imply that the coalition is mortally wounded. *What is to stop Herr Genscher shifting to an alliance* with the CDU, which supports a reduced role for the state, lower taxes, more competition and more rein for private initiative? But it is not as easy as that.

The present differences on financial and economic strategy are not simply between the SPD and FDP. The arguments cut *right across* party lines — and that goes for the CDU as well. They have become more intense because West Germany, like most other industrialised countries, is facing a period of *low economic growth and high* rates of unemployment and the social stress this implies.

The CDU has not yet made clear exactly what it would do in these circumstances to cut the state deficit and boost growth. That is partly for tactical reasons. But the CDU was in power for 20 years up to 1969, during which the trades union system was born and *strengthened and worker co-determination* in industrial management introduced. The CDU, too, has a very strong centre-left element wary of taking a knife to the social security system.

It is certainly in Herr Genscher's interest to give the impression that he can switch alliances. But it is not clear to what set of policies he would *be changing.* The CDU might not even welcome Government office in present circumstances. Dr Helmut Kohl, the CDU chairman, has rivals who are hoping to build up strength for a leadership bid before the next *general election in 1984.* A government switch now would undermine their plans.

But it is always possible that the situation will run out of control and that further coalition co-operation will prove impossible whatever good reasons there are for continuing in alliance.

Even if the SPD and FDP now *tone down* their public remarks about one another, they face a very bumpy ride. The coalition accord on budget savings not only has to be "sold" to the rank and file of both parties. It *also* has to go through the Bundesrat, the upper house of Parliament where the opposition has a majority.

Four provincial elections loom next year. These could give the CDU *an even* stronger hold on the Bundesrat and make the SPD-FDP's legislative task almost impossible. Both Herr Schmidt and Herr Genscher also face major challenges in their parties on the problems of theatre nuclear forces and the neutron weapon.

The coalition has often been written off in the last 10 years. But the hazards facing the alliance over the next 12 months are daunting.

Brezhnev visit agreed

***THE VISIT to West Germany* by the Soviet leader, Mr Leonid Brezhnev, has now been firmly agreed by both sides for the last week of November, our Bonn Correspondent reports.**

The announcement ends speculation that Mr Brezhnev might be reconsidering the planned trip in anger at recent comments on East-West matters by Herr Helmut Schmidt, the West German Chancellor.

Last weekend Herr Schmidt strongly criticised a pacifist movement in the federal republic, which had attacked Nato's nuclear policy but not that of Moscow. Herr Schmidt said this was "a tool very pleasing to the Soviet leadership" and noted that some supporters of the pacifist movement were members of the West German Communist Party.

***In one of the sharpest* assaults on Herr Schmidt in the Soviet media for months, the news agency Tass promptly accused the Chancellor of speaking "clearly in the spirit of anti-communist propaganda." Herr Schmidt was not far from making declarations about alleged "Soviet infiltration" in the Western peace movement, Tass said.**

Negotiations on intermediate range nuclear missiles are boundt to be a key topic in the leaders' talks. Initial contacts between the Soviet and U.S. foreign ministers on this subject are due to take place this month. It is possible that a first round of formal negotiations will have been held between Washington and Moscow by the time Herr Schmidt and Mr Brezhnev meet.

Richard von Weizsaecker . . . support for President Reagan's defence measures

'Moscow not eager for Berlin quarrel'

By Leslie Colitt in Berlin

THE SOVIET UNION does not want a crisis over Berlin as long as "Soviet interests are served" by the current disagreements between the United States and Western Europe, according to West Berlin's governing mayor.

If *Moscow* were to stir up trouble in Berlin it would be the "best way to cement the Western alliance," Dr Richard von Weizsaecker said in an interview on the eve of the *10th* anniversary today of the four-power agreement on Berlin.

Dr von Weizsaecker, who took office in June as the first Christian Democrat mayor of West Berlin in 25 years, said Berliners were grateful that under the Berlin accord "calm has predominated in and around Berlin which we hope will continue."

The mayor said although the transit routes through East Germany connecting West Berlin and West Germany were functioning smoothly, a "financial wall" erected by East Germany last November had led to a 50 per cent drop in the number of West Berliners visiting relatives and friends in East Berlin and East Germany.

Since the Berlin agreement went into force, West Berliners were able to make nearly 30m visits to the East.

The mayor said East Germany's quadrupling of the money West Berliners must exchange into East Marks before entering East Germany was a "serious obstruction" to the four-power agreement.

Dr von Weizsaecker explained that the sharp increase in the currency exchange requirement was a particular burden on West Berlin families, as children were no longer exempt, along with pensioners and invalids, who previously did not have to pay.

"This represents a gnawing away at the structure" of the four-power accord, he said, adding that there could be no contact between East and West Germany without this issue being raised. It would have to be annulled.

When he visits Washington later this month, the mayor said he planned to tell President Reagan that West Berliners supported his defence measures and were critical of Europeans who called them into question. He noted that some Europeans "no longer see a necessity to defend themselves."

America, however, must also see that "defence is not an end in itself," he said. But instead is the basis for "détente and Ostpolitik." Berliners could prove this because of what he called their "special relationship."

Malta sets budget at £296m

By Godfrey Grima in Valletta

THE MALTESE Government, headed by Mr Dom Mintoff, last night announced a *M£220.5m (£296m) budget, its* last before the coming winter elections. Revenue is estimated to total M£218.8m.

Tabling the budget in parliament, Dr. Joseph Cassar, Finance Minister, said the exercise was aimed at consolidating, the objectives being tackled by the Government, particularly in strengthening the island's industrial base and raising the standard of living.

A total of M£23m was being spent on improving telecommunication facilities, building new factories and investing in port, shipbuilding and ship-repair facilities and industrial development.

The Government will also shortly purchase additional water distillers to stem the island's chronic water shortage.

Dr Cassar also announced a weekly M£3 across-the-board wage increase, a series of tax reliefs and a number of social measures.

With regards to Malta's energy supplies, Dr Cassar said that those which were being provided by Libya at preferential rates have been replaced by other Arab countries, notably Saudi Arabia. Supplies would continue to reach the island at last year's prices until next April.

This means that the Government can now pledge not to bring up energy prices for the time being.

Dr Cassar added, however, that as long as world wide inflation continued Malta was still likely to feel the pinch.

Dacko removal ends French embarrassment

BY DAVID WHITE IN PARIS

THE FRENCH Socialist Government has done little to disguise its satisfaction over the army coup which on Monday toppled President David Dacko of the Central African Republic.

The overthrow removes a major source of embarrassment to the new team in charge of France's Africa policy. It also gives them a timely opportunity to define their stance towards French-speaking African allies, which involves continued economic and military support but stops short of the "interventionist" policies of President Giscard d'Estaing.

A government official said after yesterday's Cabinet meeting that France was anxious to see the republic's new military rulers return as soon as possible to a "normal" democratic process.

But he repeated its position that the coup was "an internal matter which concerns only the Central Africans." France was not remotely involved.

M Charles Hernu, Defence Minister, said earlier that French troops in the country had been consigned to barracks and would not intervene except to save French lives.

President Dacko, who was the former French colony's first head of state in 1960-65 and was returned to power two years ago, was as much of a thorny problem to the Mitterrand Government as "Emperor" Bokassa became to President Giscard.

Installed in a French-engineered coup against Bokassa and regarded as a Giscard appointee, M Dacko became involved in a row with the new Paris Government when he clamped down on political opponents following a bomb explosion in a Bangui cinema in July.

Central Africa opposition leaders have close contacts with the French Socialist Party, particularly Dr Abel Goumba, who visited Paris shortly after the ban on his Oubangui Patriotic Front.

The French Government appears to have been torn about whether to "drop" President Dacko, who like his predecessor (now taking legal action to establish his claim to French citizenship) was utterly dependent on French aid. A new ambassador was sent to Bangui only recently.

The coup, which coincides with a UN conference here on aid. A new ambassador was nations and preparations for President Mitterrand's first Franco-African summit in November, leaves open the question of what to do with France's troops at Bangui and at the Bouar base in the north-west of the country. These total about 1,200 men, compared with barely 2,000 in the country's own armed forces.

France seems intent on making its presence in the Central African Republic—for instance in the civil service—more discreet.

Another major question-mark area of French Africa policy—Chad—will become clearer in a fortnight with the first visit here of President Goukouni Weddeye.

The planned visit marks France's effective recognition of the President, whose supremacy was confirmed thanks to Libyan backing at the end of last year. This followed the departure of French troops.

France has put its weight behind plans for an African peace-keeping force in Chad and has pledged to help rebuild the capital, N'Djamena. The President's visit follows a series of contacts aimed at re-establishing ties between France and Chad.

Belgian crisis warning

Belgium's Prime Minister, Mr Mark Eyskens, has warned his French-speaking Christian Democrat cabinet partners that they will cause a *government crisis* if they persist in seeking significant changes in the 1982 budget, AP reports from Brussels.

"Whoever renounces the budget, places himself automatically *outside* of the government as far as I'm *concerned,*" he said.

The draft budget can be amended only "in an atmosphere of consensus," among *his four centre-left coalition* partners, added Mr Eyskens, a Dutch-speaking Christian Democrat.

The French-speaking Christian Democratic Party last *weekend rejected* the 1982 draft budget as not enough to improve the economy. It demanded additional measures to boost the economy, notably in job creation, and said it will draw up its own budgetary amendments this week. The draft budget must be approved by parliament in the autumn.

EEC jobs gloom

More than 2.6m jobs have been lost in manufacturing industry in EEC countries since 1974, the Statistics Office said yesterday, Reuter reports from Brussels. A statistical survey of the number of people employed in industry in the EEC showed a decline in almost all sectors.

Third World aid

The UK is setting aside £9m for water, agricultural research, energy and population programmes, Mr Neil Marten, Minister for Overseas Development, told the UN Conference on the Least Developed Countries in Paris yesterday, writes Paul Cheeseright. Of this sum, over £4m will be spent by 1983-84 on water supplies and sanitation.

Soviet coal production slips as problems grow

BY OUR MOSCOW CORRESPONDENT

COAL PRODUCTION is slipping and difficulties are building up in several important *Soviet mining areas, according* to Mr Boris Bratchenko, the Coal Industry Minister.

Writing in Socialistitechskaya Industria, the Minister admitted that productivity was low because of poor morale among miners, inadequate mechanisation, incomplete infrastructure and problems with equipment supplies.

The Coal Ministry should partly be blamed for this situation, Bratchenko admitted.

Coal production stood last year at 716.4m tons, for 1981-85, the plan calls for a rise of 7 to 12 per cent to 770 to 800m tons, a figure which seems very optimistic taking into account *the performance of* this industry in recent years.

The Minister goes as far as to conclude that the plan targets can be reached only if the industry is better organised. *The Soviet coal industry must* shift more quickly to open-cast working which, according to Soviet figures, is four and a half times cheaper than mining below the surface. Open-cast *mining already accounts for 38* per cent of the total coal output and this figure is supposed to rise to 42 per cent by 1985, the plan demands.

But the Minister says that construction of the Ekibastuki complex in Kasatan—one of the biggest *open-cast mines of the* Soviet Union—is behind schedule. Poor facilities, including unattractive housing is making it difficult to recruit and keep a workforce, a fact which has been mentioned *frequently* in the Soviet press.

"The Ministry of Transport and the Ministry of Road Building Machinery are insufficient *in building the infrastructure,"* Mr Bratchenko complained. The open-cast pits have difficulty obtaining equipment. He gave the example that in the last two planning periods, open-cast mines were short of about 100 large excavators needed *urgently on site. That accounted* as well for the low productivity.

According to the Minister, the situation does not look much better in the underground pits, from which the Soviet Union *still extracts more than 60 per* cent of its coal.

In the important Donetsk Basin in the Ukraine, where mining poses increasing geological problems as the pits are *going deeper, mechanisation is* only 56.7 per cent.

"But this technology is not even used fully," the Minister complained.

Kremlin warns on grain shortage

BY OUR MOSCOW CORRESPONDENT

***THE SOVIET Communist* Party has warned local branches throughout the country that food must be strictly conserved in the coming months.**

The warning, contained in a memorandum from Moscow, underlines the danger of food shortages as a result of damage to the nation's grain crop.

Recent inspections have reinforced Western estimates that the grain harvest this season will total only 185m tonnes—even lower than last year's disappointing 189m tonnes. Millions of tonnes have been lost because of scorching during the long hot summer.

The Kremlin memorandum indicates the probable introduction of a rationing scheme.

Moscow earlier this month leaked a report that the 1981 harvest would substantially exceed last year's. That put *the Russians in sharp con*flict with the U.S. Department of Agriculture, whose computers and satellite pictures, coupled with a careful reading of what the Soviet Union itself says about its crop, produced the 185m tonnes estimate.

Western agricultural experts have been able to tour the Soviet wheatfields in the *past fortnight.* They said yesterday that their observations supported the theory that the Soviet Union will need this year to purchase more Western wheat and corn than ever before.

The situation has raised the suspicion that the Soviet Union may have been trying to overstate its grain prospects in an attempt to influence world market prices *in its favour.* Western experts in Moscow say there is no clear-cut evidence for that conclusion.

They reported sighting *grain kernels shrivelled* by excessive heat in many areas of the southern Urals and north Kazakhstan—a situation not bad enough to be critical, but a definite sign that yields *in* that wheat heartland will be not above average.

***That forecast*, coupled with what already is known of drought damage in the *Ukraine and Western Russia,* has prompted experts to estimate the Soviet Union will purchase up to 40m tonnes of grain this year.**

The Government newspaper Izvestia yesterday reported the grain harvest was complete on 96.9m hectares, 81 per cent of the planted area. It said that rains in the European region of the country had *interfered with the* harvest and that overnight frosts have begun in some of Siberia's more *extreme* regions.

Polish reform plans attacked

BY CHRISTOPHER BOBINSKI IN WARSAW

ECONOMIC reform plans supported by the Solidarity trade union came under attack at a meeting of the Polish Communist Party leadership in Warsaw yesterday.

Leading voices in the party's policy-making Central Committee showed little inclination towards conciliation, despite a televised plea on Tuesday from *Mr Lech Walesa, the union lead*er, for an end to "polemics."

The party meeting was called to discuss forthcoming economic reforms, decentralising decision-making and workers self-management. *Mr Stanislaw* Kania, the party leader, warned committee members of the danger of anti-Socialist elements. "Self-management is an important battle front for our opponents," he said.

Meanwhile, in Gdansk, the Solidarity leadership met to discuss preparations for the union's first national congress which starts at the weekend.

The issue of workers managing the enterprises which employ them is potentially an explosive one as the party is *unwilling to let power over man*agement appointments slip from its grasp. Solidarity, however, is intent on seeing managers appointed by the workers.

In a tough keynote speech, *Mr Jan Glowczyk, a new mem*ber of the Politburo, who is also the editor of Poland's economic weekly Zycie Gospodarcze, charged that the extremists in Solidarity were "blocking all constructive action and had nothing but negation to offer as a programme of overcoming the crisis."

A sign that the strife between the hardliners and the more open-minded elements in the party had not died away came when Mr Mieczyslaw Rakowski, the deputy premier in charge of *relations with the trade unions,* defended his policies in a newspaper interview.

The Solidarity and the Communist party meetings came against a background of a new printers *strike in Rzeszow* in south-eastern Poland, which started yesterday, and the continuing strike of the Olztyn printers.

Conditions outlined for sale of Awacs to Saudis

BY IAN HARGREAVES IN WASHINGTON

THE REAGAN Administration yesterday outlined the main conditions it plans to impose on use of the Advanced warning and control system (Awacs) aircraft that President Ronald Reagan wants to sell to Saudi Arabia.

But Mr James Buckley, Under-Secretary of State, in a cautious opening to what promises to be the President's trickiest foreign policy test on Capitol Hill today, said the conditions were designed to reassure Israel that the aircraft would not be used other than for protecting Saudi territory and oilfields against a potential aggressor.

In a television interview, Mr Buckley listed three broad conditions:

1—Limits on access to information gathered by the Awacs to other countries.

2—Assurances that U.S. military personnel would be able to monitor data from the Awacs.

3—Operational restrictions on where the Awacs can fly.

Mr Buckley said that more detailed information on the crucial third category will be made available confidentially to members of Congress when they return next week from the summer recess.

A Congressional vote on the sale is due by late October, but it is already obvious that the Administration faces a major task of persuasion if the deal is to go through. This task will not be made any easier by the arrival in Washington next week of Mr Menahem Begin, the Israeli Prime Minister.

Senator Gary Hart, the Colorado Democrat who is one of the leading opponents of the sale, appeared alongside Mr Buckley on the television programme. Senator Hart said he would not be satisfied with anything less than written assurances from the Saudis that they accept detailed limits on the use of the aircraft.

The sale of the five aircraft, part of a $8.5bn arms deal, is central to the Administration's strategy for bolstering Saudi defences of its oilfields and increasing American influences in the region.

Opponents of the plan argue, however, that not only will Israel's security be jeopardised by the sale, but that the U.S. could continue to meet its strategic objectives by operating its own Awacs in the area.

Mr Buckley said the main area of operation for the Saudi Awacs would be the country's eastern and southern oilfields, which, he pointed out, are thousands of miles from Israel.

The Administration maintains that it possesses an effective policing mechanism in that U.S. maintenance and support teams could ground the Awacs within days of any violation of the code of limitations.

U.S. urges weapons inspections on Moscow

By Ian Hargreaves in Washington

THE REAGAN Administration is increasing its pressure on the Soviet Union to include an element of on-site inspection of weapons systems in any future arms limitation agreements.

The Arms Control and Disarmament Agency said yesterday that this view had been transmitted by Mr Eugene Rostow, director of the agency, to Mr Aleksandr Bessmertnykh, the Soviet Chargé d'Affaires in the U.S.

Mr Rostow was, however, not specific on whether the U.S. on-site verification was a precondition of opening the medium-range missile talks which are at present expected to start some time in late November.

The U.S. view is that detailed consideration of on-site verification could form part of those talks, but there is some eagerness in Washington to explore Soviet views on the subject, following comments in the Soviet press supporting the idea of tougher checks

Car output set for 10-year low

By Paul Betts in New York

PRODUCTION of the leading U.S. car manufacturers is expected to be at its lowest levels in 10 years in the final quarter of this year.

Although assembly was 30 per cent higher last month compared with August 1980, Ward's Automotive Reports, a leading trade newsletter, says in its latest issue that fourth quarter production will sink to 1,623,000 cars compared with 1,696,000 in the depressed final quarter of 1980.

Soviet oil shortage 'may hit Cuba'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

CUBA COULD face huge economic problems because of the prospective decline in Soviet oil output, forecast by the Central Intelligence Agency, because of the higher price for oil from other sources, a report published by the U.S. Department of Commerce says.

The U.S. document, while acknowledging difficulties in establishing with accuracy Cuba's economic performance, says that the Havana Government has no alternative to continued dependence on Soviet-supplied oil.

"The outlook for oil from Moscow is highly uncertain and any shortfalls would have serious widespread impact on key economic sectors and on the living standards of the average Cuban," it adds.

The report estimates that imported oil from the Soviet Union constitutes 98 per cent of the island's total oil needs of 206,000 barrels a day, the residue coming from small local wells.

The Soviet oil accounts for three-quarters of Cuba's total energy needs, other sources being bagasse (sugar-cane residue) principally, with small inputs from natural gas and hydroelectricity.

Last year, because of complicated and, according to Washington, enigmatic pricing deals under which Moscow pays high prices for Cuban sugar, the Cubans paid only $12.80 a barrel for Soviet oil.

Under deals such as this, Moscow's aid to Cuba last year was estimated at $3bn, which the Department of Commerce calls "a highly subsidised economic lifeline."

According to Washington, the Soviet Union is faced with growing demands for its rapidly decreasing oil production from domestic industry, from other Third World allies such as Vietnam and Ethiopia and from the West, energy exports to which constitute more than half total Soviet hard-currency earnings.

Consequently, the Soviet Union will be facing difficult choices in meeting the scheduled deliveries of 61m tons of oil to Cuba in 1981-85.

Any shortfall in Soviet shipments could scarcely be met from any other source, it is argued. A 10 per cent shortfall in Soviet subsidised oil could be replaced by oil from the free market only at the cost of $255m or 13 per cent of Cuba's estimated hard currency earnings in 1980.

At the same time, lack of technology would impede any great improvement in energy conservation.

Increases in local production seem problematical, given Comecon's lack of resources for new exploration in and around Cuba and Mexico's likely unwillingness to devote much effort to exploration offshore of Cuba.

The first of two 440 MW nuclear power plants being built in Cuba by the Soviet Union is unlikely to be in production till very late in the 1980s, while the island has not the money to develop the production of ethyl alcohol from sugar cane, the report claims.

Reuter reports from Havana: An epidemic of the painful and sometimes deadly dengue fever has apparently been brought under control in Cuba. For the first time since early June, the number of reported cases of the disease has slipped below 500 a day.

There have been 350,000 cases of dengue reported since the epidemic began, according to public health officials. One official said the disease has killed 150 of its victims, mostly children.

Peru seeks delay in debt payment to Soviet Union

BY DOREEN GILLESPIE IN LIMA

PERU IS seeking to roll over substantial debts to the Soviet Union for arms purchases — mainly tanks, jet fighters and helicopters — made by the military régime which held power in the 1970s.

At the same time the Government of President Fernando Belaunde Terry is to seek Parliamentary authorisation for a 50 per cent increase in this year's foreign borrowing ceiling, taking it from $1.4bn (£761m) to a record $2.1bn.

Sr Roberto Danino, head of the Government's foreign debt committee, was in Moscow last week to negotiate new terms for the arms debt. At the beginning of August the Peruvians delayed payment of a $25m note which fell due. This was the second time this year the Soviet Union had been kept waiting for its money.

The Government's decision to seek a higher foreign borrowing ceiling has been brought on by a combination of factors. This year's budget deficit is expected to reach $1.5bn. State-owned companies will account for about a third of this shortfall and it is for them — particularly for mining ventures, roads, and Petroperu, the state oil company — that most of the loans will be sought.

In addition, Peru's foreign debt has now grown to about $9bn, and debt servicing accounts for more than half of Peru's export revenue. This is partly due to the drop in the price of minerals

Japan emerges as fifth largest investor in US.

TOKYO — Japan emerged as the fifth largest investor in the U.S., after the Netherlands, Britain, Canada and West Germany, with its cumulative investment total reaching $8.878bn (£4.4bn) at the end of March this year.

In fiscal 1980, ending last March, Japan invested $1.484bn in the U.S., up 10.3 per cent over the previous year, although its new overseas direct investments as a whole slipped by 6 per cent to $4.693bn.

Japan's increased investment in the U.S. was revealed in a report just published by the semi-governmental Japan External Trade Organisation (JETRO) on the basis of a survey it carried out in the U.S.

The report said investment growth hase been particularly rapid in the manufacturing sector, which has absorbed 43.5 per cent of Japan's total investment in the U.S.

At the end of 1980, it said, the outstanding balance of Japan's manufacturing investment in the U.S. stood at $1.834bn, about six times the level of 1976 when Japan's investment in that country began getting into high gear.

Jetro's survey, conducted up to June this year, covered 238 Japanese manufacturinfg companies in the U.S., located in 38 states, including Texas, Georgia and Michigan, as well as in Puerto Rico. Japanese investment used to be concentrated in the West Coast, especially California.

Agencies

UN to hear demands for S. Africa sanctions today

BY OUR FOREIGN STAFF

THE United Nations General Assembly meets in an emergency session in New York today to hear African demands for sanctions against South Africa. The session, which has been planned for some time, has been given added urgency since the armoured incursion into Angola last week of South African troops.

The U.S., Britain, France, West Germany and Canada seem likely to try to use the debate to repair the three-way split in Western efforts to end the war over Namibia.

The five countries make up the Western "contact group," which for nearly four years has been trying to persuade Pretoria to enter into a United Nations sponsored peace process for Namibia. The group seemed finally to fall apart in public on Monday night over a resolution in the UN Security Council condemning South Africa for its raid into southern Angola.

The resolution was mild by traditional standards, in that it did not call for the imposition of sanctions against Pretoria. It was vetoed by the U.S., abstained on by Britain, and backed by France, West Germany and Canada also voted for the motion.

The Western split had been threatening since January, when Pretoria torpedoed a UN ceasefire conference in Geneva soon after President Reagan's inauguration.

The Government of Prime Minister P. W. Botha calculated then that the new conservative U.S. Administration would sharply relax pressure on it to come to a settlement over Namibia.

The calculation appears to have been proved correct a few days before Monday's UN vote. Dr Chester Crocker, U.S. Under-Secretary of State responsible for Africa, said in a key policy-making speech (as abridged below) that Washington would not take sides in southern Africa.

Against growing African and Western pressure for condemnation of the South African military presence in southern Angola, Dr Crocker said that while the U.S. opposed apartheid in South Africa, "it is not our task to choose between black and white.

"The Reagan Administration has no intention of destabilising South Africa to curry favour elsewhere."

Those remarks, made in Honolulu last weekend, represent the most definitive U.S. statement on South Africa so far, and they placed the U.S. well apart from allies in the contact group, despite the British attempt to straddle the gap by abstaining.

Pressures are strong on the members of the contact group to present a united front during the general assembly debate in order to maintain the credibility of the Western effort on Namibia.

Despite apparent Western disunity, African diplomats, including an Organisation of African Unity mission that has just completed a round of talks on Namibia in Western capitals, continue to express confidence in the contact group's ability to bring Pretoria to a negotiating table.

In Pretoria meanwhile, defence officials released further details yesterday on the Soviet military personnel said to have been in contact with South African troops during the raids into Angola.

Two lieutenant-colonels were among the Soviet officers killed alongside guerrillas of the South West Africa People's organisation, the official said. Pretoria also named the warrant officer it claims to have captured with the Swapo forces.

In Washington, government officials displayed little surprise at the South Africa announcement.

The claimed presence of Soviet troops in Angola must be seen by the U.S. as an important indication of the new U.S. policy on Africa described below.

Reagan administration 'will not walk away from Pretoria'

We are concerned about the influence of the Soviet Union and its surrogates in Africa. The Soviets seek to exploit for their own ends existing differences and actual conflict, and they seek to create and sustain situations of conflict from which they can profit.

Under the leadership of Col Gadaffi, Libya has been transformed into a leading Third World arsenal of Soviet-supplied hardware. Libyan arms and cash are at the centre of a skilful and sinister campaign of subversion that has become a major source of African instability. The activities of the Soviets and their partners threaten the security of Africa in every corner of the continent.

The U.S. has no desire nor, for that matter, any mandate to act as the policeman of Africa. But let there be no misunderstanding: this country will not hesitate to play its proper role both in fostering the well-being of friends in Africa and in resisting the efforts of those whose goals are the opposite.

Africa is an integral part of the world political system. It is time for Americans to recognise this reality and cease indulging in the romantic illusion that Africa is somehow uniquely buffered from the effects of destabilisation whether it is of external or regional origin.

We are also alert to the danger inherent in the economic crises which are affecting Africa. Several factors have combined to produce one of the most serious economic situations since African countries became independent.

The U.S. cannot be the financial "angel" for Africa, any more than we intend to be Africa's policeman. But we have no intention of allowing this economic threat, any more than the threat of terrorism or subversion, to undermine basic American interests in Africa. This Administration aims to meet this threat by emphasising our strengths—specifically by helping bring the poorer African nations more into the mainstream of the free market economy which is the soundest and surest way to growth.

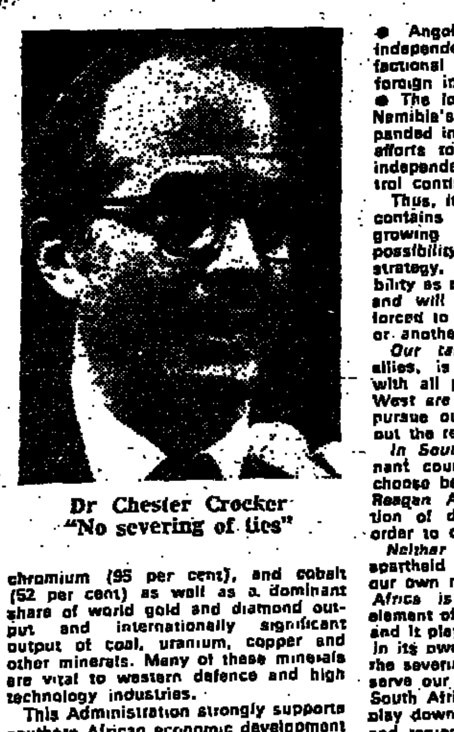
Under the Reagan Administration, our bilateral aid will be targeted on those areas where our interests are most clearly manifest and focused more to produce policy changes of broad and lasting impact. These changes include giving a much greater opportunity to the private sector, both within these countries and from abroad.

But it is to southern Africa that I would like to direct the thrust of my remarks. The African policy of this administration places a very high priority on addressing the problems, and opportunities, of this key region.

During the early months of this year, we concluded that U.S. and Western interests can only be advanced by serious and determined U.S. leadership aimed at strengthening the region's security and backing its development potential.

We have defined a new regional strategy; that strategy is based on three basic realities of southern Africa:

First, U.S. economic interests in sub-Saharan Africa are heavily concentrated in the southern third of the continent. The area contains immense deposits of many strategic minerals which are vital to industrial economies like ours including the platinum group (86 per cent of world reserves), manganese (53 per cent), vanadium (64 per cent), chromium (95 per cent), and cobalt (52 per cent) as well as a dominant share of world gold and diamond output and internationally significant output of coal, uranium, copper and other minerals. Many of these minerals are vital to western defence and high technology industries.



Dr Chester Crocker
"No severing of ties"

This Administration strongly supports southern African economic development through encouragement of trade and investment throughout the area, and through the provision of timely and carefully tailored foreign assistance. Equally important, we support regional development by an active diplomacy aimed at addressing outstanding conflicts and thus discouraging the recourse to violent solutions and foreign intervention.

A second reality is that southern Africa is an increasingly contested arena in global politics. The worldwide significance of the region derives from its potential—unless nations of the area can find a basis to resolve outstanding conflicts and coexist—to become a cockpit of mounting East-West tension.

Despite the ending of the drawn-out struggle in Rhodesia and the successful transition to independent Zimbabwe, there remains a combination of local and external pressures that could lead to expanded conflict and polarisation. Since Portugal's departure from its ex-colonies in 1975, the USSR and its clients have shown every interest in keeping the pot of regional conflicts boiling.

Let us make no mistake. This is an explosive combination. The potential damage to Western interests is enhanced by southern Africa's geo-political importance along the strategic sea routes around Africa and by its growing importance as a source of critical minerals. It is imperative that we play our proper role in fostering the region's security and countering the expansion of Soviet influence.

The third reality is that southern Africa must be understood on its own regional merits if we are to succeed in our efforts. The political basis for regional cooperation is strikingly absent.

● The legally entrenched apartheid policies of South Africa are anathema to its African-ruled neighbours.

● Angola has been plagued since independence by continuing ethnic and factional struggle, complicated by foreign intervention.

● The low-level guerrilla conflict over Namibia's status has gradually expanded in recent years, as Western-led efforts to find a negotiated basis for independence from South African control continue.

Thus, it is clear that southern Africa contains within itself the seeds of growing violence. To ward off this possibility we must have a realistic strategy, one that assures our credibility as a regional partner. We cannot and will not permit our hand to be forced to align ourselves with one side or another in these disputes.

Our task, together with our key allies, is to maintain communication with all parties—something we in the West are uniquely able to do—and to pursue our growing interests throughout the region.

In South Africa, the region's dominant country, it is not our task to choose between black and white. The Reagan Administration has no intention of destabilising South Africa in order to curry favour elsewhere.

Neither will we align ourselves with apartheid policies that are abhorrent to our own multiracial democracy. South Africa is an integral and important element of the global economic system, and it plays a significant economic role in its own region. We will not support the severing of those ties. It does not serve our interests to walk away from South Africa any more than it does to play down the seriousness of domestic and regional problems it faces.

The Reagan Administration recognises, that the future of Southern Africa has not yet been written. It would be an act of political irresponsibility and moral cowardice to conduct ourselves as though it had been.

The U.S. seeks to build a more constructive relationship with South Africa, one based on shared interests, persuasion, and improved communication.

We recognise that a measure of change is already under way in South Africa. At such a time, when many South Africans of all races, in and out of Government, are seeking to move away from apartheid, it is our task to be supportive of this process so that proponents of reform and non-violent change can gain and hold the initiative.

In extensive consultations with all parties on three continents, Secretary Haig, Deputy Secretary Clark and I have explored the issue of Namibia. We believe that progress has been achieved and we are now working closely with our European and Canadian allies in the Contact Group to shape concrete proposals to put before the parties in southern Africa.

A Namibia settlement is, we believe, desirable and obtainable at an early date. To succeed, it must be internationally acceptable — under UN auspices and in accordance with UNSC Resolution 435 which must form the basis of a settlement. That framework, in our view, can and should be supplemented by additional measures aimed at reassuring all Namibian parties of fair treatment and at answering certain basic constitutional questions prior to elections that will lead to independence.

We believe that movement on Namibia can reinforce movement toward Cuban withdrawal from Angola—and vice versa. Furthermore, we are convinced that a satisfactory outcome can only be based on parallel movement in both arenas.

Australia may tighten land sale rules

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA IS considering tightening foreign investment rules on land purchases in an effort to limit speculation by foreigners. At the same time pressure is mounting on the Government to tighten guidelines for foreign takeovers of Australian businesses.

Mr John Howard, the Treasurer, said this week he had asked the Foreign Investment Review Board (Firb), the Government's watchdog on foreign investment, for a report on foreign land purchases.

This follows a recent remark by Mr Malcolm Fraser, the Prime Minister, that information on rural land purchases was inadequate. He said he wanted further information to see "whether there are elements of capital inflow that we would want to adjust."

Yesterday Mr Neville Wran, the Labor Premier of New South Wales, called on the Government to stop land purchases by speculators and absentee landlords.

Net inflow of foreign investment in enterprises in Australia was a record of A$1.8bn (£1.1bn) for the June quarter, according to figures published yesterday, Patricia Newby writes. The inflow was nearly double the A$992m recorded in the March quarter. The biggest investors were from the UK and the U.S., both registering levels of A$527m. Most of the investment is going into resources-related projects although there was a small net inflow for primary production and manufacturing.

Since the Firb was established in 1976, foreign investors have spent around $200m (£123m) acquiring around 10m hectares of Australian rural land. However nobody has any idea of the total stock of foreign-owned land in Australia.

One Canberra official hazarded a guess at 5 per cent of all arable land.

The Government has also recently been criticised on two other aspects of foreign investment policy—its controversial request to the Shell Oil Company to sell a quarter of its Australian operation to local investors and what is seen as a relaxed attitude to equity rules on takeovers of Australian companies by foreigners.

Some of the country's top officials, the Government's own back bench and the Labour Opposition have warned that the request to Shell, if acted upon, could lead to more, rather than less foreign domination of Australian resources.

The argument is that Shell could use 25 per cent Australian ownership as a lever to obtain approval for more resources development in Australia, without giving Australians any control in the company whatsoever.

There is also a hardening of attitude among Parliamentarians and the public towards the Firb, for what is seen as its lenient attitude to foreign takeovers.

Under foreign investment guidelines, Australians are supposed to retain 50 per cent equity of businesses and new projects. If such equity cannot be found, the Firb has power to approve the takeover or project, subject to the foreign company agreeing eventually to move to 50 per cent Australian equity.

Around 30 per cent of all applications for foreign takeovers are given time, often unlimited, by the Firb to acquire equity and critics claim there is no incentive for the foreign company to move to joint Australian ownership and no penalty if they fail to do so.

Son Sann

Kampuchea leaders in Singapore

By Kathryn Davies in Singapore

LEADERS OF three anti-Vietnamese factions in Kampuchea have arrived in Singapore for what the Government here hopes will be a round of negotiations leading to the formation of a united front.

China and the United States are also anxious to see the emergence of a credible alternative both to the ousted Khmer Rouge regime in Kampuchea, associated internationally with the murder of between 1m and 2m Kampucheans, and the present Vietnamese-backed Heng Samrin regime.

Prime Minister Lee Kuan Yew's Singapore Government has finally succeeded in persuading the unpredictable former Head of State, Prince Sihanouk, to appear in Singapore at the same time as his former Prime Minister Son Sann and Khieu Samphan of the Khmer Rouge, despite the dislike of all three men for each other.

Son Sann in particular, as leader of the anti-communist Khmer People's National Liberation Front, has so far consistently refused to have anything to do with an alliance in which the Khmer Rouge, led by the notorious Pol Pot, would inevitably play the leading role. Armed by China, 30,000 Khmer Rouge guerrillas are operating against Vietnamese troops in western Kampuchea.

Prince Sihanork and Khieu Samphan met earlier this year in the North Korean capital, Pyongyang, but failed to agree on a framework for a united front to displace the Heng Samrin regime and drive Vietnam's 200,000 troops out of Kampuchea.

The Singapore talks will inevitably be denounced by Hanoi as a function of the Association of South East Asia Nation's willingness to collude with Sino-American plans. Singapore officials are saying privately that they hope the three Kampuchean leaders will at least agree to form a joint committee, even though a formal coalition seems unlikely at this stage.

David Butler adds from Bangkok: Son Sann last week set preconditions which the Khmer Rouge has already rejected for co-operating with it in an eventual coalition government.

They included a demand for all important ministerial posts in the government; the exile of all leaders compromised by Khmer Rouge atrocities between 1975 and the Vietnamese invasion of Kampuchea in 1979 and a demand for international aid sufficient to bring the KPNLF armed forces "up to a position about equal to that of the Khmer Rouge."

Below: Prince Sihanouk

Gandhi in storm over Minister

By K. K. Sharma in New Delhi

PRIME MINISTER Indira Gandhi's ruling Congress Party was shaken yesterday by a storm in both Houses of Parliament over allegedly illegal fund-raising efforts by Mr A. R. Antulay, who was hand-picked for the job of Chief Minister of the industrially important state of Maharashtra.

The furore in parliament echoed widespread concern over the manner in which Mr Antulay and the Chief Ministers of eight other states where the Congress Party is in power have been functioning. Allegations of corruption and maladministration have been made.

The allegations not only tarnish Mrs Gandhi's own image and erode her credibility, but make it difficult for her to rule effectively. Eighteen of the 22 Indian states are ruled by the Congress Party.

Mrs Gandhi has personally chosen all the party's office-bearers and those holding public office on the party's behalf. The sole criterion has been unswerving loyalty to her and her son, Rajiv, who was recently elected to Parliament.

Unfortunately, most of the Chief Ministers are political lightweights and have shown a lack of initiative in tackling the country's problems. Mrs Gandhi was forced to drop three of them recently.

The charges against Mr Antulay are the most serious. It is alleged he has used Maharashtra Government machinery to raise millions of rupees for the Congress Party through trusts named after Mrs Gandhi and her late son, Sanjay. Mrs Gandhi has let it be known that she has rebuked Mr Antulay and asked him to change the names of the trusts.

So far, Mrs Gandhi has protected Mr Antulay, so that the Congress Party's image is not shattered. But most observers think that it is a matter of time before he is asked to resign his post. A shake-up in other states is then expected.

Mrs Gandhi's problem is finding men of ability to take high public office. Since the split in the Congress Party about four years ago, only those loyal to her personally have been admitted as members and they are not conspicuously talented. If only to ensure that the country is ruled properly, Mrs Gandhi may be forced to bring in outsiders.

Reuter adds from New Delhi: India has vetoed the appointment of a U.S. diplomat to the embassy in New Delhi and the U.S. Government has retaliated by refusing to accept an Indian diplomat in Washington, an Indian Government spokesman said yesterday.

He said India had told the U.S. the appointment of Mr George Griffin, formerly at the U.S. embassy in Kabul, as political counsellor in Delhi would not be acceptable. The spokesman said India resented reports that it took the decision prompted by an outside power.

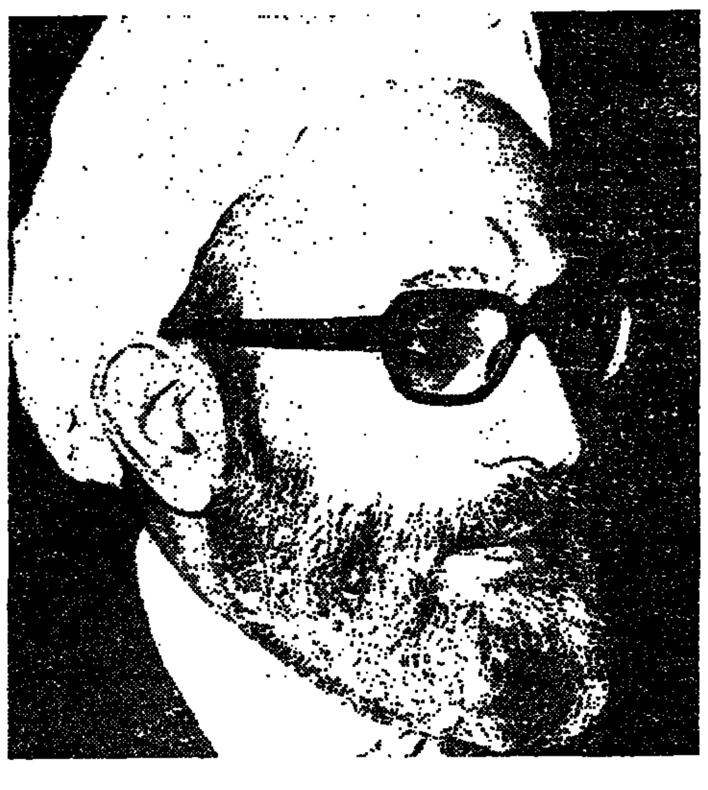
Iranian Premier confirmed

BEIRUT—Ayatollah Mohammad Reza Mahdavi Kani (right) won an overwhelming vote of confidence in Parliament yesterday to become Iran's new Prime Minister after the firebomb assassination of the nation's President and Prime Minister on Sunday, the official Pars news agency reported.

Ayatollah Kani, 50, who served as Interior Minister, was endorsed by a majority of 178 against 10 and eight abstentions in an open session of the Majlis, the Iranian Parliament, Pars said.

The new Prime Minister, who studied theology under Ayatollah Ruhollah Khomeini, Iran's spiritual leader, and was jailed several times during the late Shah's regime, became Iran's second clergyman Prime Minister.

The Parliament empowered him to form a Cabinet which will arrange for new Presidential elections to choose a successor to the late Mohammad Ali Rajai, who was burned to death in Sunday's bombing, Pars said.



The clergy's dominance of Iran was further underscored by the election of Hojatoleslam Ali Khamenei, a fiery orator, as Secretary-General of the ruling Islamic Republican Party.

The Government announced that 55 opponents of the regime were executed on Sunday, all members of the underground People's Mojahedin organisation.
AP

China announces major oil find

BY RAY DAFTER, ENERGY EDITOR

CHINA has made a major oil discovery which could be capable of producing in barrels a day (b/d), according to unconfirmed reports.

The offshore discovery could be the biggest in China and yield the equivalent of over half of the country's present output of about 2m b/d.

The reports, carried in the southern daily newspaper of South China's Quangdong province and Peking's English-language China Daily, said the field covered 150,000 sq km (60,000 sq miles).

Western oil executives with interests in China said it was possible that the discovery was a geological basin—containing a number of fields—rather than a single reservoir. It was pointed out that an exploration block in the North Sea covered only 250 sq km.

The Chinese Geological Ministry, quoted in the newspapers, said that the discovery could be greater than China's biggest oilfield at Daqing in the north east. This field currently produces about 50m tonnes a year, the equivalent of over half the present annual oil production in the UK sector of the North Sea.

The reports said that much work remained to be done before the oil deposit could be exploited. Many foreign companies had expressed an interest in the discovery which was originally made in 1976 but only recently reported.

China, whose onshore oil production has declined in recent years, is relying on offshore oil to help finance its economic modernisation programme. The West's leading oil companies have been called on to help in the oil search.

In May, it was announced that a Japanese group had discovered oil in Bohai Bay near the port city of Tianjin. That "high yield well" produced 1,000 tonnes of crude oil a day. Last week the People's Daily reported that a discovery had also been made in the East China Sea.

Japan lifts bank lending curb

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S 13 largest banks are to be allowed to increase their lending in the final quarter about 40 per cent faster than they increased it in the last three months of 1980.

A 40 per cent rise in the rate of increase in bank loans during the fourth quarter of 1981 would mean a rise of 8 per cent in total bank credit, roughly equivalent to the growth of Japan's gross national product over the same period.

The relaxation of "window controls," an informal mechanism by which the Bank of Japan regulates bank lending, reflects both the authorities' desire to reflate the economy and the gradual strengthening of demand for credit.

A special factor contributing to credit demand is the plight of the nation's oil industry, which has been chalking up heavy deficits as a result of unfavourable foreign exchange rates. The oil companies will probably absorb between Y600bn (£1.4bn) and Y700bn of the Y2,200bn of additional loans which the city banks are likely to be allowed to make.

The window control system has been used as one of the instruments of monetary policy for many years, although the increasing liquidity of Japanese companies (and a corresponding decline in their dependence on bank loans) has tended to reduce its effectiveness.

The controls were tightened sharply at the beginning of 1979 when the Bank of Japan began a series of seven successive quarterly reductions in the city bank lending. Controls were relaxed again at the end of 1980 and have since been operated fairly loosely.

During the second and third quarters of this year controls were nominal in that the banks could satisfy all the demand for credit from their corporate borrowers.

Tokyo looks set for trade talks with U.S. and EEC

BY OUR FOREIGN STAFF

JAPAN IS willing in principle to take part in a three-cornered conference on world trade problems with the U.S. and the EEC.

The message was conveyed yesterday to Mr William Brock, the U.S. Special Trade Representative, at talks in Tokyo with Mr Rokusuke Tanaka, the Minister for International Trade and Industry.

The aim of the conference would officially be to promote the free trade system. But the conference would not be concerned with plans for a more widely-based ministerial conference planned for next year at the General Agreement on Tariffs and Trade (Gatt).

The U.S. has been promoting the conference as a means of averting trade frictions between the three most influential trading powers in the world. But no date has yet been set, although it seems likely to take place next month in the U.S.

The idea of the conference has been current for some months. It gained popularity during the summer after it became clear that bilateral discussions between Japan and either of its two major western trading partners — on the troublesome subject of cars, for example—were tending to create problems for the other.

Mr Brock sent letters of invitation to the conference last month. The EEC representative is likely to be Mr Wilhelm Haferkamp, the Commissioner in charge of external relations.

The European Commission is still considering its trade negotiating strategy with regard to both Japan and the U.S. Brussels authorities have the advantage of not yet being required to give any clue as to their priorities because commission representatives were, in any case, due to attend bilateral talks with the Reagan Administration in Washington in October. These would, of course, change should the trilateral talks take place earlier.

But the question of Japanese representation is more delicate. At his talks with Mr Brock, Mr Tanaka apparently made it clear he would like to attend. But this claim may be challenged by the Ministry of Foreign Affairs.

Indeed, the Foreign Ministry is refusing to comment on the possibilities for the conference until Mr Brock has seen and formally made proposals tomorrow to Mr Sunao Sonoda, the Foreign Minister.

Brazil requests loan from Japan

BY OUR WORLD TRADE STAFF

BRAZIL has formally requested a $500m (£270m) loan from Japan to support development of a massive $61bn iron and associated minerals mining project near the mouth of the Amazon.

The request for the loan for the project was made in Tokyo by Sr Jose Flavio Pecora, the visiting Economic and Planning Minister. The mines in the Carajas district have iron ore deposits estimated at 1.8bn tonnes.

Brazil hopes to produce about 35m tonnes of iron ore annually from 1985 and to export 10m tonnes to Japan and 10m tonnes to the EEC each year.

Sr Pecora was quoted by Japanese officials as saying about half of the project cost including spending on port and railway facilities will be met by the Brazilian state-run mining company, Cia Vale Rio Doce (CVRD), which will undertake the development project. The Brazilian Government has already provided the CVRD with a $1bn grant to initiate the project. Another $1bn will be raised from local banks.

Sr. Pecora said $300m is likely to be financed by the World Bank, which has already completed a feasibility study on the project. The EEC will be asked to lend $400m, and further loans are likely to be supplied by a West German financial institution and other sources, he added.

The CVRD has recently calculated total investments in the project at $61bn, nearly double its previous estimate of $36bn. The project also involves mining of copper, gold, manganese, tin, silver, bauxite and nickel.

UK concern as Taiwan slackens flow of counterfeited goods

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BRITISH COMPANIES have noted a slackening in the flow of counterfeited goods from Taiwan since the Government in Taipei last June introduced regulations to curb the use of fraudulent trademarks.

But there is concern that the slackening might be only temporary and that either Taiwanese companies will find ways around the new regulations or the Government might relax its vigilance.

"My impression is that the number of cases has fallen off. Reports from Taiwan are quite firm that there is disquiet among counterfeiters about the effect of the regulations," Mr David Fletcher Rogers, chairman of the Anti-Counterfeiting Group, said yesterday.

"Our sources in Taiwan are finding there is less going on. Taiwanese companies seem to be unwilling to export anything with fraudulent trademarks until the full effect of the regulations is clearer," said Mr Peter Crockford, legal adviser at the Society of Motor Manufacturers and Traders (SMMT).

The Anti-Counterfeiting Group was established last year and includes companies like Dunlop, Parker Pen, Wellcome Foundation, Ronson and Lucas. Some of its membership overlaps with the SMMT. Both groups have been active in campaigning against the increasing practice of fraudulently using well-known trademarks on products of inferior manufacture.

Taiwan, which is thought to be the largest single source of counterfeited goods pushed on to the world markets, introduced the new regulations to curb exporters in an attempt to stem mounting international criticism.

These regulations included the stipulation that exporters must state if their goods carry a trademark and that the exporters must submit a letter of authorisation from the owners of the trademark.

Confidential reports reaching British companies from Taiwan show that the demand for letters of authorisation for the use of a trademark has seriously depressed the business of counterfeiters.

The downturn has evidently pushed the counterfeiters into considering the formation of an export association, which would put pressure on the Taipei Government for some easing of the regulations.

The chief concern of counterfeiting companies is apparently price. This in turn is related to bribery. Those customs officials—handling export authorisations—susceptible to bribery have evidently raised their charges by as much as 30-fold since the regulations came into force.

The result of more difficult trading conditions in Taiwan for the counterfeiters is apparently leading some companies to consider establishing their manufacturing operations elsewhere in Asia.

There is, however, some suggestion in Taiwan that the Government might relax its crackdown on counterfeiting companies. This fear, allied to the discovery of loopholes in the new regulations, is making British companies wary of expressing total satisfaction with counterfeiting in Taiwan. They are likely to seek further talks with the Taipei Government.

W. Africa trade plea

BY OUR WORLD TRADE STAFF

BRITISH BUSINESSMEN were urged yesterday to take advantage of the desire of developing countries to diversify their sources of supply.

Mr Cecil Parkinson, the Trade Minister, told the Anglo-Togo Society in London that old colonial links have less and less relevance to contemporary trading patterns.

"If the loss of part of our traditional Commonwealth markets must be accepted as inevitable, we should equally be able to compensate to some extent by breaking into other countries' traditional markets as they seek to diversify," he said.

He was particularly concerned with French speaking West Africa, where efforts by exporters like Plessey and BL are beginning to pay off. Last year Senegal, the Ivory Coast, Togo, Cameroon and Gabon bought £100m of British goods, with £29m going to Togo.

The British share of exports to traditional markets in Africa had fallen to an average of 20 to 25 per cent, but France maintains more than double that share of her old colonial markets in Africa, Mr Parkinson noted.

"Perhaps none of the countries of French speaking Africa have yet received the attention from British commerce and industry that they should," Mr Parkinson said.

Eximbank in £58m loans to TransBrazil

The U.S. Export-Import Bank has tentatively approved a direct loan and private credit guarantees totalling about $110.9m (£58m) to TransBrazil Airline for the purchase of three Boeing 767-200 medium-range jets, AP-DJ reports from Washington. Financing includes a direct loan of $49.2m at 9.25 per cent annual interest.

Because of the size of the loan and guarantees, the bank notified Congressional leaders of the tentative authorisations as they will be subject to review by the House and Senate Banking Committees before final approval.

How Ireland's development authorities vie for foreign investment

BY STEWART DALBY IN DUBLIN

THE IRISH Industrial Development Authority (IDA) is widely thought to be the best in the business of attracting foreign investors.

A senior official at the Northern Ireland Development Agency (NIDA) agrees that "anyone trying to attract foreign investment would have to take the IDA very seriously." He adds that Ireland has brought so many companies into the Republic that the situation tends to be self reinforcing. More companies arrive because so many are there already. They have created the right kind of industrial climate."

Mr Padraic White, the IDA's managing director, is inclined to dismiss some of the praise. "We do not win them all," he said recently. "Nippon Electric recently expanded in Scotland. We would certainly like to have got that one." He adds that "the people in the North who are trying to attract foreign investment are as professional as anyone in the field.

"You must remember they are working against overwhelming odds with the troubles up there. The political situation would deter anybody, yet in recent years NIDA has brought in some good companies."

Despite Mr White's modesty, and the point he makes that in contrasting development agencies you are not always comparing like with like since different countries are looking for different kinds of investment, the widespread feeling is that the IDA has been more successful than its competitors in recent years.

What are the attractions of Ireland that have led to so much investment success?

It is not as if investing in Ireland is entirely without disadvantages. Communications are bad. The telephone system has a well-deserved reputation for being the worst in Western Europe—the IDA admits that the first question virtually any potential investor asks is whether or not he can even get a telephone.

The quality of Ireland's roads are also poor and the country has few energy sources of its own. Eighty per cent of its energy has to be imported and it is expensive.

The country has a reputation for bad industrial relations and strikes. This is only partly justified because most of the disputes are in the public sector and service industries. In the private sector, particularly among the new foreign companies, relations generally have been good although the effect of public sector strikes on the private sector—such as in the telephone and postal services—can be severely damaging.

Mr Denis Faulkner, the chairman of the NIDA, reckons that wage rates in the Republic are higher than in Ulster. Ireland has just experienced two years during which inflation ran at an annualised rate of 20 per cent. Mr White warned recently that the 1981 target of projects which could lead to 36,000 jobs over the next five years would be missed unless the country gets its spiralling costs under control.

In terms of what the two agencies in Ireland—Dublin-based IDA, and the NIDA in Belfast—offer by way of incentives, Northern Ireland would seem to have the edge.

In Ulster there is a grant of 50 per cent towards the cost of building a new factory; there are tax allowances for stock depreciation and training grants; these benefits come from the Department of Commerce. The NIDA, which acts as a sort of Government-funded merchant bank, can additionally grant loans and take equity investments. In all, Government money in one form or another can account for 90 per cent of the total start-up cost of a project.

The De Lorean Motor project, for example, has received in some form £72m of British tax players' money to create 2,000 jobs. Some of this money will be paid back in the form of royalties and the like, but the initial cost is something like £36,000 a job.

The IDA says that, on average, it spends £17,000 on creating each new job. It has a budget this year of £200m (£162m).

But apart from cash incentives, the IDA scores over NIDA in three ways: First, an incoming investor has had to deal with only one agency, the IDA. The Authority will find a site, fix up the grant, and make all the arrangements for a company starting up. In Northern Ireland, the investor has to go to the Department of Commerce for his grant, and the NIDA for his loans, and the project has to go back and forth to the relevant Department in Whitehall for approval. It is cumbersome in the extreme.

Second, the political climate in the Republic is more settled than in Ulster, and the evidence suggests this is important to investors.

Third, there is the tax advantage in investing in Ireland. Until January this year companies paid no tax on exports; for all intents and purposes this meant that foreign companies which set up in Ireland paid no tax at all. From January of this year a straight corporation tax of 10 per cent was introduced. This compares with corporation tax of 52 per cent in Northern Ireland.

It is small wonder that with such low tax rates a recent survey by the U.S. Commerce Department in Washington found that U.S. companies in Ireland enjoyed an average return on capital employed of 29.4 per cent in 1980.

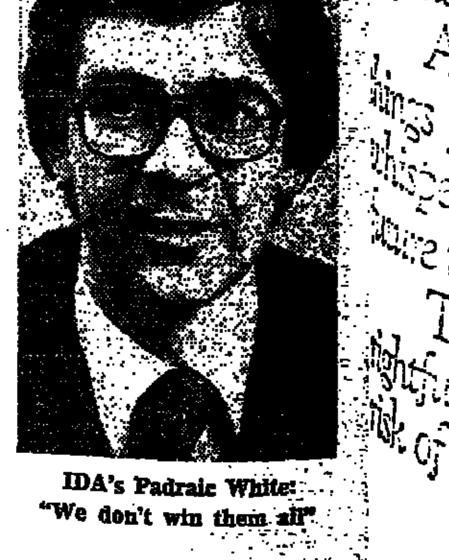
Mr White says that there have been few companies pulling up stakes and leaving. There was one well-publicised failure, and this took place when Ferenka a Dutch company, closed its factory making cord for tyres in Limerick with a loss of 1,400 jobs. But that was in 1977, and since then few collapses seem to have occurred.

However, there is concern that a large part of the country's manufacturing work force is employed by multinationals.

There is no law which says that Irishmen and women must be on the board of local companies, or even that they be appointed managers.

There are rules about remitting all profits or even all capital—the IDA does have a 10-year lien on the grant it gives—but that is virtually its only major control.

The IDA reckons that about a third of the total manufacturing work force of 250,000 people are employed by foreign concerns. If one talks about small manufacturing concerns employing more than 100 people, however, then the ratio is probably nearer 50 per cent. Ireland would, therefore, seem to be vulnerable, in particular, to the whims of U.S. multinational companies.



IDA's Padraic White: "We don't win them all"

THE RISKS AND REWARDS OF LISTENING WELL.

Not knowing how to listen can be immensely costly.

Untold billions have been wasted in industry alone through simple listening errors.

But the greatest costs aren't the losses we can count. They're the opportunities we'll never know we missed.

How many brilliant ideas have vanished because no one bothered to hear them?

How many visionaries went unnoticed, how many relationships between people, companies, even countries never grew because someone simply didn't listen?

As an employer of 90,000 people we at Sperry decided to do something about it. So we've set up listening programmes that Sperry employees worldwide can attend.

This isn't pure unselfishness on our part.

Helping our people become better listeners helps them have better relations with their families, a better rapport with each other, and makes them better equipped to solve our customers' problems.

This, we're convinced, is making Sperry a better corporation.

THE RISKS.

Listening well, however, is a mixed blessing.

A company's public promise to listen can rouse unrealistic expectations in employees and customers alike. Most people, frankly, find it hard to imagine being listened to and not agreed with.

Listening can be a burden. Even a corporation hears things it wishes it hadn't.

But having heard them, neither a person nor a business can escape the responsibility to respond.

A company that listens well hears things few others do: the first, faint whispers of what seem sure to be society's future needs.

The temptation to pioneer is rightfully irresistible. Yet it's the greatest risk of all. Situations shift. The unplanned-for happens. And society can always change its mind.

IT PAYS TO LISTEN.

Still, it's an axiom of history that success comes to those who listen best.

Henry Ford was far from first to make a motor car.

He was simply first to give the world the one it wanted: basic, reliable transportation almost anyone could afford.

Not surprisingly, Ford considered listening "the one secret of success."

THE POWER OF LISTENING.

Listening's potential for solving problems seems unlimited.

The human key to better quality isn't a dictate from above.

It's the feeling of community that develops when people really listen to each other.

That's the secret of our quality improvement teams at Sperry.

Their members aren't upper management, they're the people who actually produce our products. And every one is a volunteer.

Trained in listening, they can attack any quality problem they choose: from finding better assembly techniques to more efficient uses of time.

And their advice gets listened to.

At Sperry today, as the number of these teams keeps growing, they're improving the quality of everything we do.

KNOWING HOW TO LISTEN CAN IMPROVE THE WAY YOU THINK.

Most people listen at only a 25% level of efficiency.

So the information untrained listeners can bring to bear on a problem is drastically limited.

Training in listening expands those limits. This alone makes our efforts worthwhile.

Yet listening well is more than just absorbing better. It's working to understand the unfamiliar ways other people think.

This means discarding prejudice and preconceptions.

To learn to listen is to open the mind.

LISTENING TO THE WORLD.

Sperry people do business in 140 countries, and nearly as many languages.

Yet a different language isn't the toughest listening problem, nor the most important.

It's different attitudes, customs, habits—the subtle but significant variations of culture that make every country unique, and the needs of its people different.

Sperry's executive managers, including our Chairman of the Board, regularly visit the nations where we're in business. Not just to give speeches, or sell products. The reason they go is to listen.

AT SPERRY, LISTENING IS NOT A 9 TO 5 JOB.

Listening well isn't a skill that, once acquired, can be left at the office. Or even turned on and off.

No one who has it would want it to be.

The ability to listen to a child who's just lost a football game, or understand a friend's frustration with her boss, makes people better at every aspect of life.

At Sperry, listening isn't something we talk about.

It's something we do.

Whatever risks there are—the questions, the doubts, the constant prodding to change—are really just part of the rewards.

The only real risk is never learning to listen at all.

SPERRY

We understand how important it is to listen.

Sperry is Sperry Univac computers, Sperry New Holland farm equipment, Sperry Vickers fluid power systems, and guidance and control equipment from Sperry division and Sperry Flight Systems.

How good a listener are you? Write to Sperry, Dept FT6, 78 Portsmouth Road, Cobham, Surrey KT11 1JZ for facts on listening and a quiz that's both fun and a little surprising.

Padraic White: ...'t win them all"

UK NEWS

Thatcher seeks gas project aid

BY RAY DAFTER, ENERGY EDITOR

MRS MARGARET THATCHER has called on Government departments to find ways of involving oil companies in the initial development of the proposed £2.7bn North Sea gas gathering project.

It is understood that she has asked to be fully briefed in time for a further round of ministerial talks, scheduled for *next Thursday*.

Oil companies have told the Government that they would not be prepared to inject funds into the scheme until they are sure that the 420-mile pipeline network will definitely be built. They have also argued that they would need tax concessions.

It is thought that the tax implications of the pipeline investment programme, together with the financing proposals put forward by banks and the pipeline's steering committee of British Gas, Mobil and British Petroleum will feature in the briefing reports.

Mrs Thatcher is concerned that, as it stands, the pipeline project could be initiated only if the Government gave financial backing, probably through British Gas investment.

She is worried that the private sector—particularly oil companies—may refuse to join the project and leave the Government funding all of the £2.7bn bill (£1.5bn in real terms).

The Central Policy Review Staff—the Government's "think tank"—and the Treasury are among those in Whitehall who share her concern.

Supporters of the project—in particular the Energy Department and the Scottish Office—are understood to believe that oil companies have adopted a negotiating stance and that ultimately they would be prepared to invest in the project.

Following ministerial talks at No. 10 Downing Street on Tuesday, three options appear to have emerged:

- The Government could commit itself to the development of the project with British Gas taking the lead. Such a move might add several hundred millions of pounds to the Public Sector Borrowing Requirement. It is possible that the Treasury might find a financing formula—involving British Gas guarantees—that would not affect the PSBR, however.
- Oil companies could be provided with an incentive to join the project from the outset. The Government has *already* indicated its willingness to see the real rate of return raised from 5 per cent to nearer 9 to 10 per cent. It may now look at tax proposals.

One possibility, which would be favoured by the industry, would be a change in the North Sea tax structure. At present, much of the taxation is based on a "ring fence" system—companies are not allowed to *fully offset profits from* an oil field against expenditure elsewhere in the North Sea.

They might be encouraged to invest in the pipeline if this rule was changed although the Inland Revenue would lose a substantial source of oil revenue in the process. It is thought that this is one idea now being reviewed by the Treasury.

- The Government could abandon the idea of an *integrated pipeline network* and allow the companies *to develop* their own gas gathering networks.

For the Government this proposal would have the attraction of being a wholly private enterprise system. But the Energy Department is concerned that some fields would be too small to exploit commercially without an integrated gathering system on their doorstep. As a result some of the North Sea gas reservoirs might be left untapped.

Within Whitehall it is also estimated that the Government could lose over £1bn in taxation revenue over the next 20 years or so, given that investment in individual pipeline systems would be allowed against the profits made on the production from the fields they served.

Joseph to meet Japanese in technology link talks

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

FOUR SENIOR civil servants fly to Japan next week to investigate prospects for collaboration on high technology between British and Japanese companies.

They will be followed a few days later by Sir Keith Joseph, Industry Secretary, for talks with Japanese Ministers.

The civil servants, led by Mr Gordon Manzie, deputy secretary in the Industry *Department*, will meet officials of the Ministry of International Trade and Industry in Tokyo at the end of next week.

Mr Rokusuke Tanaka, Minister of International Trade and *Industry visited London in* April when it was agreed prospects for collaboration should be explored between officials at least once a year. Next week's talks are the first under the agreement.

Mr Manzie has contacted about a dozen British companies and British Telecom during the past few weeks to discover what interest there might be in setting up col*laborative* ventures for Japanese investment in the UK or joint research.

The main areas being explored are information technology, fibre optics, telecommunications, and robotics.

Sir Keith Joseph

Sir Keith Joseph has been persuaded that some form of understanding between the British and Japanese Governments could help UK companies because of extensive involvement of MITI in Japan's industrial development.

His officials believe the time is ripe because of the Japanese Government's sensitivity about international trade problems.

Reshuffle at Hawker Siddeley

By Lynton McLain

SIR ARNOLD HALL, 66-year-old chairman of Hawker Siddeley, the engineering and electricals group, relinquished the post of managing director *on September 1.*

The post of group managing director has been abolished. Three divisional managing directors have been appointed: Mr Robert Bensly, Mr John Durber and Mr Harold Wood.

Sir John Lidbury, Hawker Siddeley vice-chairman, gave up his post as group deputy chairman. He remains vice-chairman.

Mr Bensly, 57 years' old, is responsible for the diesel engine companies of Hawker Siddeley, Mirrlees Blackstone, L. Gardner, R. A. Lister and Petters; the Crompton Parkinson companies, and the major part of Hawker Siddeley's Australian interests.

Mr Durber, 53 years' old, is responsible for the heavy electric machine, switchgear, transformer and metal companies; Hawker Siddeley Power Engineering; Westinghouse Brake and Signal and Hawker Siddeley's South African interests.

Mr Wood, 62 years' old, is responsible for Hawker Siddeley's interests in North America and Fasco Industries.

Rothschild consortium wins right to dig London

BY MAURICE SAMUELSON

THE RIGHT to dig up the streets of London has been acquired for £1.2m by a consortium headed by N. M. Rothschild, the merchant bank.

This unusual privilege has been gained by the group's purchase of 80 per cent of the shares in the century-old London Hydraulic Power Company, which owns 160 miles of piping from Chelsea in the West to Stepney in the East.

The company, which used to service London's lifts before they all went electric, is the only body other than the gas, water, electricity and telephone utilities, with a right of access to underground mains.

Low and Bonar, of Dundee, confirmed on Monday that it had sold all but 20 per cent of the company, whose pumps had ceased operating in 1977.

LHP was set up under an Act of Parliament which gave it the right to lay and service pipes for hydraulic lifts. In 1977, Parliament extended this right so that the pipes—now no longer carrying water—could serve as a telecommunications network.

Since then, it has been awaiting a suitable buyer. Mr Albert Heron, managing director, said yesterday: "We were like the steak and kidney pudding waiting for a knife and fork." Mr *Heron*, a Cockney who joined the company as a coal boy in 1935, is one of about six remaining employees. Once there were about 200.

The new owners, headed by N. M. Rothschild, are interested in exploiting the system in order to supplement the heavily laden London telephone system.

It could be used in three possible ways—for point to point communication by users of phones or computers with their own terminals at each end; for cable television and for open voice and data communications. It could provide clearer signals for computers.

The first is likely to be exploited earliest as no Government licence would be required.

Plans are already well ahead to connect the Greater London Council building with New Scotland Yard for lines carrying traffic control information. Other companies could use it for computers.

But the adaptation for open voice and data communications would bring it into competition with British Telecom.

Lehman to discuss possibility of £2bn arms deals

Bridget Bloom looks at our chances of signing contracts to supply military equipment to the U.S.

SALES OF military equipment potentially worth more than £2bn to British industry will be discussed in London in the next few days when Mr John Lehman, the U.S. Secretary for *the Navy, meets British defence* ministers and officials.

The possible deals are still in relatively early stages and competition is heavy from other, mainly U.S. suppliers. But they could involve Britain selling about 300 advanced jet trainer aircraft and more than 150 Rapier air defence missile systems to the U.S. Britain is also keen to sell to the U.S. the advanced Searchwater radar system and light tanks.

During his visit, which officially begins today and follows closely on that of Mr Caspar Weinberger, the US Defence Secretary last month, Mr Lehman is expected to fly *in a Nimrod Mk 2 reconnais*sance aircraft, which is fitted with Searchwater radar, to visit the naval equipment exhibition in Portsmouth, and to have talks with British Aerospace and the two British ministers with responsibility for defence procurement, Lord Trenchard and Mr Geoffrey Pattie.

While there is no question of deals being concluded during Mr Lehman's visit, the Ministry of Defence clearly considers the tour of great importance in its stepped-up effort to clinch arms deals with the U.S.

Ministers recognise that U.S. decisions to buy foreign military equipment—even in co-operative manufacturing deals with U.S. companies—are constrained by domestic U.S. opposition to such sales and, quite probably, by the new budgetary constraints which, it is now accepted in Washington, will also affect U.S. defence spending.

However, British ministers and officials also insist that the U.S. recognise that reciprocal arms deals must be made to work "for the health of the western alliance."

"In the so-called two-way street of arms sales between the U.S. and Europe there has been too much talking and not enough action in Washington up *to now*," was one comment.

The two main deals under discussion with Mr Pehman this week will be purchases of the Hawk jet trainer, and of the Rapier missile system for use by the U.S. Rapid Deployment Force.

BAe's advanced jet ground attack Hawk trainer is already in operation with the Royal Air Force, and has been sold to four other countries, including Finland and Indonesia. The potential deal with the U.S. Navy, where it would be designed to help replace the existing jet pilot training system (known as VTXTS) would be by far the biggest sale yet.

Alongside BAe in the bid for the U.S. contract is McDonnell Douglas and Sperry which would be involved in the provision of simulators. Although six groups are competing for the contract, BAe believes its most serious rival is the Anglo-German Alpha-jet, in which Lockheed is involved with the two European companies.

BAe *hopes for a decision* at least narrowing the competition to the two competing groups by the end of this year.

The contract, which could be worth at least £1bn, would be a considerable coup for BAe. It would follow the deal recently concluded on the AV8B, the advanced vertical take-off fighter which is expected to bring in about £1.5bn for British industry in the next few years.

This deal itself could boost sales, for the U.S. Navy itself is now showing considerable interest in the AV8B.

A deal of equivalent value is *under preliminary discussion* for the provision of about 180 Rapier missile systems to the U.S. Rapid Deployment Force. The force, established by President Carter and still under development, is designed to operate in crisis situations in non-Nato areas such as the oil producing Gulf.

A £140m deal involving about 32 Rapier systems, to be used by the U.S. air force at their *bases in Britain* was recently concluded. British officials believe the system could be easily transported by air, unlike its main competitor, the U.S. DIVAD. They also argue that, with sales to nearly a dozen countries, including Australia, Oman and Switzerland, it is fully proven in diverse conditions.

Mr Lehman will be pressed to agree that the U.S. Navy flight test the Searchwater radar, which he is expected to see in operation on an RAF Mk 2 upgraded Nimrod tomorrow.

The radar was demonstrated to the U.S. Navy and Pentagon officials earlier this year in the U.S. on a Nimrod. The Searchwater's principal competitor is the enhanced version of the U.S. APS 116, called Profile, which is undergoing flight tests with the U.S. Navy.

On two other potential deals, Britain is however less than optimistic. The possibility that the RDF might buy Scorpion tanks is thought to be little more than a gleam in an official eye, while Marconi *is now* believed to be out of the race to develop an Anglo-U.S. heavyweight torpedo.

However, there is unconfirmed speculation in the industry that Britain will itself do a deal with the U.S. Gould to develop a heavyweight torpedo—on the understanding that the U.S. concludes at least one of the deals now under discussion with Mr Lehman.

Trade in all securities down 15.1% to 18-month low

BY NIGEL SPALL

BUSINESS IN stock markets contracted further last month, mainly reflecting holiday influences and two fewer trading days.

Trade in all securities was down £2.27bn, or 15.1 per cent, to an 18-month low of £12.74bn and the number of bargains decreased by 42,481 to 365,654, although the average value per *bargain improved by £192 to* £9,203.

The Financial Times stock exchange turnover index for all securities reacted from 459.8 in July to 390.3, well below the 1980 monthly average of 501.2.

Trade in gilt-edged securities fell by £2.12bn, or 18½ per cent, on the month to £9.32bn. Business in short-dated stocks decreased by £937m to £4,88bn, while that in other fixed interest issues dropped by £1.22bn, or *21.6 per cent, to £4.44bn.*

The number of bargains in British Funds contracted by 9.274 to 69,797, while the FT turnover index for government securities reflected the reduced business by falling to 394.6 from July's 484.3.

Turnover of £2.43bn in the equity sector during August was £250m, down on the previous month. The number of equity bargains decreased by 33,328 to 263,851 and the FT turnover index for ordinary shares fell to *433.3* from July's *477.9*.

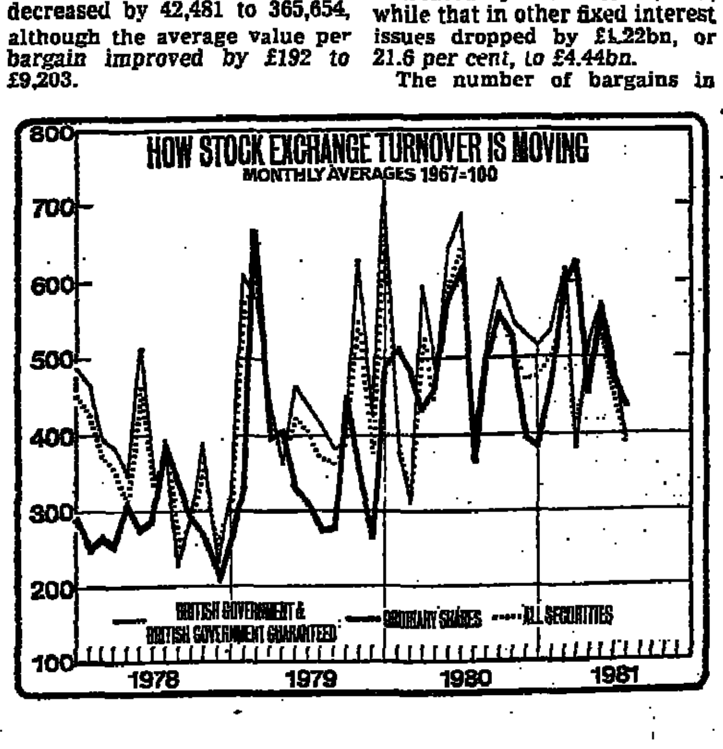
Although activity in the equity market was quiet as the peak holiday season got under way, enthusiastic institutional buyers, encouraged by hopes of lower U.S. interest rates, found the market short of stock and *prices raced ahead.*

The FT industrial ordinary share index closed the month 45.7 points up at 573.8, its highest since May 5, a credible performance when viewed against the mood of dejection on Wall Street.

Gilt-edged prices, however, moved within a narrow range throughout the month as institutional investors displayed a marked reluctance to commit new funds to the market in the uncertain economic climate.

The FT government securities index touched 65.24 on August 17, but closed the month 0.39 down on balance at 64.09.

The FT gold mines index, reflecting the improvement of $21 in the gold price over the month to $427 an ounce, ended August 54.6 up at 378.7.



Category	Value of all purchases & sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Government and British Government Guaranteed							
Short-dated (having five years or less to run)	4,882.7	38.3	22,098	6.1	244.1	220,957	1,105
Others	4,441.4	34.8	47,699	13.0	222.1	93,113	2,385
Irish Government							
Short-dated (having five years or less to run)	328.2	2.6	1,898	0.5	16.4	172,940	95
Others	225.5	1.8	2,284	0.6	11.3	98,723	114
UK Local Authority	303.5	2.4	3,675	1.0	15.2	82,593	184
Overseas Government Provincial and Municipal	13.8	0.1	649	0.2	0.7	21,291	32
Fixed Interest Stock Preference and Preferred Ordinary Shares	114.2	0.9	23,500	6.4	5.7	4,858	1,175
Ordinary Shares	2,428.2	19.1	263,851	72.2	121.4	9,203	13,193
TOTAL	12,737.6	100.0	365,654	100.0	*636.9	*34,835	*18,283

* Average of all securities

Bank sets out ideas on test of liquidity

By William Hall, Banking Correspondent

THE BANK OF ENGLAND has outlined its latest ideas on how it plans to measure banks' liquidity in a revised consultative paper being circulated in the banking community.

It hopes to have a final draft agreed with the banks before the end of the year.

The paper, entitled The Measurement of Liquidity is the latest in a series of consultative documents issued by the Bank as part of its programme of improving its supervision of the banking system.

The first two papers, The Measurement of Capital and Foreign Currency Exposure have proved relatively uncontroversial and have been largely agreed with by the banking community.

However, the question of how the authorities measure and monitor the liquidity of individual banks has caused the banking community considerable concern. An initial draft paper on the subject, issued in March 1980, upset the banks because of its lack of flexibility.

Under the new proposals, which were first hinted at in a paper in March, *the authorities* have accepted some of the banks' criticisms and are now taking a more flexible approach.

The Bank is now proposing that the best way of measuring a bank's liquidity is on a "cash-flow" approach, taking liabilities and assets in all currencies together. These liabilities and assets will be inserted in a "maturity ladder," with the net positions in each time period being accumulated. There will be five maturity bands measuring the liquidity over a 12 month time scale.

In the first maturity band, this measure, by comparing sight and near sight liabilities with cash and assets capable of generating cash immediately, would be similar to a customary liquid assets ratio. Marketable assets would be placed at the start of the ladder rather than according to their maturity date but it would apply varying discounts to the securities to reflect the effect of force of sales.

On the liability side the authorities are proposing that deposits of all types should be included according to maturity. Commitments which are not due on a particular date, such as undrawn overdraft facilities, will be treated flexibly

However, the Bank is proposing that 20 per cent of undrawn overdraft facilities should be included in the first maturity *band, the remainder being ex*cluded.

On the asset side, the Bank proposes that these should also be measured by reference to their maturity. However, the problem of how to treat overdrafts, which are technically repayable on demand, will be discussed with the banks.

The Bank of England's aim is to relate its measurement to the realities of the circumstances of each bank and in order to achieve this discussions with each bank will be needed. The Bank stresses that its approach will be flexible and it is not goingto publish a series of hard and fast ratios as once feared by the banks.

SNP supporters plan to picket Scottish banks

SCOTTISH Nationalist Party supporters plan to picket branches of the Royal Bank of Scotland today as the Monopolies and Mergers Commission *meets in* Edinburgh *to* hear submissions about proposed takeover bids for the bank.

The party has fiercely opposed the takeover of the Royal by either of the rival bidders, the Standard and Chartered Bank or the Hong Kong and Shanghai Banking Corporation. The SNP fears a further erosion of economic decision-making in Scotland should the bank merge. It will probably restate its case when its representatives meet the commission tomorrow.

Other evidence will be heard from the Scottish Council for Development and Industry, the Bank of Scotland, the Scottish TUC, *the Scottish Development* Agency, the Fraser of Allander Institute of the University of Strathclyde, the Campaign for Scottish Assembly and from Mr Ian Dalziel, member of the European Parliament for the Lothians.

Mr Bruce Pattullo, treasurer of the Bank of Scotland, is known to feel strongly that a merger of the Royal Bank would have a ripple effect and lead to a further takeover bid for his bank

Midland names chief for advisory service

MIDLAND BANK has hired Mr Peter Muller from Morgan Guaranty, one of America's biggest money centre banks, to head up its new foreign exchange advisory service for corporate treasurers.

The service, which Midland claims is the first comprehensive computer-based foreign exchange advisory service offered by a British bank, is designed to help companies to deal with problems resulting from volatile exchange rates and economic uncertainties.

Britain's EEC trade gains £710m surplus

BY DAVID MARSH

BRITAIN'S current account deficit with other EEC countries fell sharply last year, reflecting a swing into surplus on visible trade which more than offset an increased shortfall on invisibles, according to figures published by the Central Statistical Office.

The improvement in the balance on visible trade, into a £710m surplus from a £2.63bn deficit in 1979, was proportionately more than for trade with the world as a whole last year. But the invisibles balance was worsened by higher travel spending by UK residents and a rise in earnings remitted abroad by EEC oil companies.

The current account deficit with the EEC fell to £372m last year from £3.45bn in 1979, and was the smallest since Britain joined. Visible exports to the EEC rose more than fivefold last year compared with 1973—the first year of Britain's membership—while imports from the Community increased by less than fourfold.

However, invisible debits—services, transfers, and interest, profits and dividends — have increased slightly more than invisible credits over the period. *The invisibles deficit last year* widened to £1.08bn from £822m in 1979.

The figures are contained in the CSO's annual "Pink Book" on Britain's balance of payments, published yesterday.

Underlining increasing thirst by Britons for foreign journeys, travel spending by UK residents in the EEC rose sharply last year to £1.12bn from £841m in 1979. Spending by Community citizens in Britain stagnated at £891m against £858m.

Interest, profits and dividends remitted from Britain by EEC companies rose to £1.50bn from £1.12bn. Flows from the EEC to Britain fell to £1.76bn from £1.78bn.

*The deficit on general govern*ment transfers improved to £876m last year from £1.12bn in 1979.

This mainly reflected a sharp increase in transfers from Community institutions to the UK, including higher receipts under EEC agricultural policies and from the Regional Development Fund. The receipts also included the first instalment of EEC budget refunds negotiated *in May 1980.*

UK TRANSACTIONS WITH EEC*
(£bn)

	1973	1979	1980
Exports (f.o.b.)	3.85	17.31	20.42
Invisible credits	2.07	6.08	6.71
Imports (f.o.b.)	5.18	19.94	19.71
Invisible debits	2.06	6.90	7.79
Current account	−1.32	−3.45	−.37

* Includes Greece for all years
f.o.b. = free on board

Source: Central Statistical Office

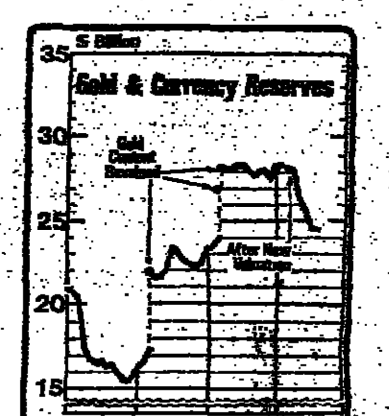
Reserves declined again in August to $24.51bn

BY DAVID MARSH

BRITAIN'S gold and foreign exchange reserves fell by $57m to $24.51bn last month—the fifth successive monthly decline—the Treasury said yesterday.

The underling fall, after taking account of public sector foreign debt repaments, was only small at $29m. This indicates that the Bank of England undertook only limited intervention to steady the pound in spite of its drop to below $1.76 during the month.

In July and June, when the Bank appeared to step up support for sterling, there were declines of $418m and $388m respectively.



The pound recovered on its own accord during August and finished the month only slightly lower on a trade-weighted basis than at the start.

Public sector repayments during the month totalled $28m, mainly on foreign borrowing by the National Coal Board and British Gas.

The underlying change in the reserves figure does not give an exact indication of the scale of Bank of England foreign exchange intervention because of the variety of other transactions included.

During the last few months the Bank has tried to steady sterling mainly through keeping UK money market interest rates firm rather than through heavy intervention.

Engineering apprentices 'lowest ever recorded'

BY ALAN PIKE

THE NUMBER of craft and technician apprentices entering training in the engineering industry this autumn will be the lowest since records began.

Companies in the industry intend to take on fewer than 12,000 new apprentices. A further 4,000 recruited by the Engineering Industry Training Board will bring the total to nearly 16,000.

The board has calculated, however, that 20,000 new apprentices are needed this autumn if the industry's future manpower requirements are to be met.

Engineering apprenticeships can take up to four years to complete and the shortfall in recruitment this year is further evidence that engineering will *again face labour shortages* when an economic upturn begins. Shortage of skilled workers has prevented the industry taking full advantage of previons improvements in the economy.

Last year 20,136 new apprentices entered the engineering industry—17,200 recruited by the industry and the remainder by the training board.

This year, *faced* with evidence that engineering companies were likely to take on only 12,000 apprentices compared with the 20,000 which it considers are needed, the training board approached the Manpower Services Commission for funds to make up the shortfall. The MSC first offered support for an extra 2,000 places and then doubled this to 4,000 but, said the board yesterday, "*it seems unlikely* that there will be any further increase in this number."

Apprentices taken on by the board are either trained by companies in addition to their own intake—for which employers receive a £3,500 grant—or are found training places by the board.

The highest apprentice intake in the engineering industry in recent years was 25,243 in 1975, *while the* previous lowest was 16,788 in 1972.

Rockwell International restructures activities

BY LORNE BARLING

ROCKWELL International, the *American company* which owns Wilmot Breeden, the Birmingham-based automotive components group, has made two new moves to restructure its manufacturing activities in Britain.

Wilmot Breeden's diecast products division and its merchandising outlets have been sold to a recently-formed Midlands company, Arbuthnot Engineering, in a £550,000 deal, arranged by the Industrial and Commercial Finance Corporation (ICFC).

Late last year Wilmot Breeden's Truflo subsidiary, which makes aero engine components, was *sold to* its managers and an investment syndicate for around £6.8m, in line with Rockwell's policy of divesting itself of subsidiaries which do not fit in with its long-term plans.

Arbuthnot Engineering, whose managing director, Mr Richard Arbuthnot, was once production manager of Wilmot Breeden, was supported in the latest deal by a syndicate led by ICFC and including Gresham Trust and National Westminster Bank.

The diecast products division is similar to the *activities of* Arbuthnot Engineering, though larger in scale. Around 60 jobs have been saved through the purchase.

The division manufacturers door handles, hinges, locks, and oher body hardware at the light end of the range, and its customers are mainly smaller motor manufacturing companies in Britain and abroad.

Arbuthnot previously sold around 60 per cent of its products to the merchandising division.

In another deal announced yesterday, Rockwell International has purchased *additional* production facilities, at an undisclosed price, from Rubery Owen.

Sale details, Page 21

Ten new N. Sea projects forecast

BY RAY DAFTER, ENERGY EDITOR

DEVELOPMENT of up to ten new North Sea oil and gas fields may be sanctioned by UK operators over the next 18 months to two years, according to a new industry report.

If all the projects went ahead, the investment would total billions of pounds and help to underwrite the jobs of thousands in the offshore supplies industry.

The report, prepared by stock brokers Wood, Mackenzie, says that in addition to these "probable" fields, there were at least six other reservoirs which could be exploited in the next few years.

These were extensions of existing commercial discoveries—West Argyll, Claymore, Central Cormorant, East Forties, North West Heather and South Ninian.

The brokers say development plans are being clouded by the uncertainties over the North Sea tax structure (now being reviewed by the Treasury), the gas gathering system (being studied by ministers), gas pricing policies, and the Government's attitude to depletion measures.

On gas pricing, Wood Mackenzie estimates that British Gas Corporation might have to pay as much as 27p-a-therm in order to encourage the development of some small fields.

This is more than five times the price now being paid by the corporation under some old contracts and compares with the 16p-a-therm to be paid to the Mobil group for new Beryl Field supplies.

The probable fields listed by Wood Mackenzie (including the operator, estimated recoverable reserves and estimated start-up dates) are:

- Alwyn North (Total: 150m barrels of oil, 0.75 trillion cubic feet of gas, 1987).
- Andrew (British Petroleum; 100m barrels, 0.2-0.4 trillion cubic feet, 1986-87).
- North Brae (Marathon; 150m-200m barrels, 0.85 trillion cubic feet, 1987).
- Bruce (Hamilton, 150m-180m barrels, 0.85 trillion cubic feet, 1988).
- Caber (British National Oil Corporation, 100m-150m barrels, 1987/88).
- Clyde (BNOC, 125m barrel, 1987).
- Lomond (Amoco, 0.6-0.7 trillion cubic feet, 1987).
- T Block, including Toni, Thelma and Tiffany (Phillips, 200m-350m barrels, 0.5-0.8 trillion cubic feet, 1987-88).
- Tern (Shell/Esso, 120m-150m barrels, 1988).
- Block 14/20 (Texaco, 30m barrels, 1983/84).

Wood, Mackenzie says in its latest monthly North Sea report that not all of the development programmes would necessarily go ahead. On the other hand, those that may be dropped might be replaced by other potentially commercial discoveries including the Clair Field, the Elder Field, and discoveries in blocks 3/28, 15/30, 16/26 and 16/21.

- Savings of 25 per cent in fuel consumption from more efficient vehicles and aircraft and a better of mix of cars and lorries could be achieved by the year 2000 if conservation policies are vigorously pursued by the Government, says an Energy Department report.

The "Review of the UK transport energy outlook," by the Transport Working Group of the Advisory Council on Energy Conservation, also urges more spending by Government and industry on research.

The report says with conservation, fuel consumption could be held to 37m tonnes instead of a forecast of 50m tonnes.

Recommendations include keeping petrol tax in line with price movements, widening the tax differential in favour of diesel fuel and development of battery technology for electric vehicles.

The report concludes: "If these policies are pursued energetically, it is reasonable to expect that at the end of the century there will still be sufficient supplies of liquid fuels available to satisfy transport needs.

"A further qualification must, however, be added—namely that supplies of fuel and power other than petroleum products are available in sufficient quantities to meet the needs of non-transport consumers."

Airlines launch U.S. interchange pact

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN and Eastern Airlines of the U.S. have signed an agreement that will enable passengers wanting to fly—via their interchange city of Atlanta, Georgia—to any one of the 120 Eastern Airlines' destinations in the U.S., to book their flights at any British Caledonian booking office, and vice versa.

To launch this development—which gives Eastern Airlines' passengers access to British Caledonian's North Atlantic route to Gatwick, London and to its flights onwards into Europe, North Africa and elsewhere, the two airlines have introduced several new cheap fares.

The "Discover America" businessman's fare, at £777 return, gives travel between Gatwick and Atlanta in Executive Class, together with unlimited travel for 60 days on Eastern's U.S. network, plus discounts on hotels and car hire.

The executive using this fare may return from Dallas/Fort Worth, Texas or St. Louis, Missouri, if Atlanta is not convenient.

A second offer applies to business travellers with only one onward destination in the U.S. For the price of a through Executive Class ticket, the passenger will get the onward travel in the first-class cabin on Eastern Airlines.

Mr Alastair Pugh, managing director of British Caledonian, and Mr Russell Ray, senior vice-president, marketing, of Eastern, said yesterday that the agreement is a logical method of boosting each airline's traffic through the 1980s.

- Inter-City Airlines — which operates between the East Midlands Airport at Derby and Edinburgh and Aberdeen — has been awarded the route between the East Midlands and Brussels, by the UK Civil Aviation Authority.

The route is still subject to the approval of the Belgian authorities, but the airline — which uses the 30-seat Short SD-330 "commuter airliner"— hopes to fly it this winter.

- A growing number of passengers using Concorde on the North Atlantic route are holiday-makers rather than businessmen, says British Airways. A survey conducted by the airline shows that on the London-Washington DC route in summer last year, a quarter of all the passengers were on holiday.

- Indian Airlines has turned an option on two European A-300 Airbuses into a firm order, raising its total Airbus fleet to ten aircraft. The order is worth $70m.

The two jetliners will be delivered next summer. They will be the longer-range B4-200 version of the Airbus A-300.

Bank 'should intervene to curb interest rates'

BY DAVID MARSH

THE BANK OF ENGLAND will need to intervene "substantially" in the money markets in coming months to hold down interest rates, stockbroking firm, W. Greenwell, forecasts in its monthly monetary bulletin published today.

Injection of liquidity through purchases of both short and longer term bills will be needed because of the tightening effect on the market of the likely excess of payments to the Exchequer. This will result from flows of tax receipts held up by the civil servants' dispute.

Through bill purchases and sales, the Bank has switched to regulating short term money market interest rates of up to 14 days as part of the new system of monetary control formally introduced last month. The Bank aims to operate more flexibly in setting interest rates by allowing longer term rates to reflect market forces more closely.

Greenwell says the unpublished interest rate band which the Bank is operating for short term rates appears to have been 12 to 12.5 per cent since mid-July. Since August 10, the Bank has dealt in bills mainly at 12¼ per cent, but occasionally at 12⅛ per cent.

During the earlier part of the period of tightness on the money market, the Bank will choose to deal not just in bills of up to 14 days but also in longer term ones. This is because there may not be enough of the former to sustain the desired level of intervention, Greenwell says.

Scarman considers race clause for police code

BY LISA WOOD

THE INTRODUCTION of a clause on racial discrimination into the Metropolitan Police's disciplinary code was suggested at the Scarman inquiry yesterday.

The disciplinary code defines discreditable conduct in the police force as when a member of the police "acts in a disorderly manner or any manner prejudicial to discipline or reasonably likely to bring discredit on the reputation of the force or of the police service."

Police Commissioner Wilford Gibson, responsible for uniformed operations in the metropolitan police, said under cross-examination by Mr Stephen Sedley for the Commission for Racial Equality that the present code was adequate, but he would not object to the inclusion.

Lord Scarman said the inclusion of a section in the code on racial discrimination could bring the problem to everybody's attention.

Mr Sedley had suggested to Mr Gibson that prejudiced attitudes among the police, only at an unconscious level, could be responsible for the disproportionate number of blacks in police statistics on arrests for certain kinds of street crime.

Mr Alderson, chief constable of Devon and Cornwall, who has been recently appointed a consultant to the European Commission on Human Rights, urged in his submission the introduction of community policing by legislation and the establishment of community police councils.

Midlands bus fares to be cut by 24%

By Lorne Barling

WEST Midlands bus fares are to be cut by an average of 24 per cent from Sunday, in line with the Labour-controlled county council's election promise. The move will cost at least £18m in lost revenue during a full year.

According to Mr Gordon Morgan, the council leader, this is the first major UK fares reduction of its kind. It is expected to lead to a 10 per cent increase in passenger use of buses, marginally offsetting the overall cost.

However, the action could result in a more drastic cut in the Government grant to the West Midlands County Council, following warnings by the Secretary for the Environment, Mr Michael Heseltine, that overspending will result in a penalty. Overall annual cost could, therefore, be around £20m.

Benefit

Mr Morgan said: "We achieved an overwhelming victory on the basis of an election manifesto which stated clearly that we would reduce bus fares, and we are now doing so.

"This is an historic transportation event, which will save energy through the reduced use of cars and be a benefit to the nation. The transport of goods and services will also become easier through less congestion."

The county council has given an undertaking to the West Midlands Passenger Transport Executive, which has suffered consecutive losses since 1974, to underwrite further deficits. The PTE received council revenue support of £14.25m in 1978-79, and £15.2m in 1979-80, while nearly £1m was taken from reserves during that year.

But the level of support required is expected to rise to £27m in the current financial year, on a total PTE budget of £115m, assuming the cut in fares. Prior to the election, the PTE was looking for about £16m in support.

Recession

The PTE has already suffered from the falling use of buses recently, due to the recession and fewer people going to work, but Mr Morgan said the fare cuts would be an incentive for people to make more use of bus services.

"The Government seems unconcerned about the rising price of petrol and the problems it creates for motorists, so we are providing a safety net for the public, as well as a social benefit."

In addition to a cut of up to a third on all adult bus fares, there will be a 2p flat rate fare for children for an experimental six months period.

Sting Ray torpedo factory sets up non-union staff council

BY BRIAN GROOM, LABOUR STAFF

THE NEW Marconi Space and Defence Systems factory at Neston on the Wirral, which is assembling the Sting Ray "intelligent" torpedo, has set up a non-union staff council for bargaining with its 320 workers instead of giving negotiating rights to trade unions.

Management at the £13m plant, which was opened in January, initially sought to negotiate with one union to avoid fragmented negotiations. But a majority of the workers, who then totalled about 100, said they did not want to be represented by unions.

A staff council was set up instead in the spring. Initially its members were nominated. The first election took place this week using ballot boxes and booths loaned by Ellesmere Port Borough Council. The body comprises 10 employee councillors and six management representatives.

Mr Don Ingham, the plant's general manager, said in a statement to employees before the election that "Neston is making industrial history within the company by giving equal rights to all employees and taking major decisions affecting their lives and working conditions through a staff council." Unions are recognised in other Marconi plants.

"The opportunity to move away from the two-sided activity where each side behaves as though it was a protagonist locked in permanent battle must not be squandered," Mr Ingham said.

However, Mr Charles Lomas, divisional organiser of the white-collar union AUEW-Tass, said yesterday that the workforce was not unanimous on the issue at union representation.

"It is certainly the case that some staff do desire a trade union—and I'm not talking about one or two," he said. AUEW-Tass was one of the unions the company originally sounded out about negotiation rights.

There are a number of individual union members at the plant, but management contends that there are not enough to justify bargaining rights for the union. The company insists that the workers requested the formation of the council themselves and said strongly that they did not want union representation.

Mr Alf Gibbs, site services manager, said: "We don't want to be run by outside rules. People who joined the factory who were previously in a union situation have been very wary—but they are now backing the council in full confidence."

The nominated council negotiated its first pay increases in April. Management would not disclose details of the settlement but said the council "took a responsible attitude."

If the workers' majority on the council voted against a pay offer, management "would have to overrule it"—the company said, and more discussions would have to take place. Marconi was unwilling to speculate on what might happen in the event of an impasse.

Mr Lomas said the council would miss the "advice and expertise" of a strong union like AUEW-Tass, which could lobby nationally for spending on projects such as the Sting Ray.

Election of NUM president may take place during December

BY OUR LABOUR EDITOR

THE NEW leader of the National Union of Mineworkers (NUM) may be declared before the end of the year if the union's executive today agrees to a timetable for the presidential election recommended by a sub-committee yesterday.

Nominations for the post of president may be formally invited next month, and a ballot of the 240,000 mine workers called early in December.

There appears to have been little argument between the two political factions of the NUM yesterday. The left, whose candidate is Mr Arthur Scargill, militant president of the Yorkshire miners, believes that an early election will favour it because its campaign has been under way unofficially for over 12 months already.

But the moderates—with their candidate, Mr Trevor Bell, secretary of the white-collar section COSA—do not seem to be in a mood to spin things out unnecessarily.

If the suggested timetable is adopted for the election of Mr Joe Gormley's successor, the formal campaign could overlap with the inevitable internal political argument over this year's wage deal.

The miners are claiming a minimum salary of £100 a week from November 1—a 25 per cent rise. The outcome of negotiations could play an important part in the presidential campaign, especially if a ballot on the Coal Board's wage offer takes place before the presidential election.

Mr Gormley is expected to retire around March after about three months running in his successor. So far the odds in the contest lie in Mr Scargill's favour.

The recommendation of yesterday's meeting by the organisation sub-committee of the executive advances only by a few weeks the timing originally suggested by Mr Gormley.

Mr Scargill published his "manifesto" on Tuesday. The committee appears to have ignored the argument supported by many that, with the campaign already building up rapidly, it would be wise to get the election out of the way before the pay negotiations.

Jersey bank staff win 11% award

By Our Labour Staff

BANK STAFF on Jersey have been awarded an increase on their special living allowance to take it up to 11 per cent of basic salaries.

The award was made by arbitration under Lord McCarthy following a dispute principally between the Federation of London Clearing Bank Employers and the Banking, Insurance and Finance Union.

The allowance is re-evaluated each year. The previous one was worth 9.5 per cent of salaries. The banks' final offer was for a new allowance worth 9 per cent of salaries in line with what they said were existing labour market forces.

The union, which claimed a rise in the allowance based on the local wages index, said yesterday that the award was worth about £120 a year more for an average staff member than the banks' offer.

White collar new town staff get 7.5% rise

By Our Labour Staff

WHITE COLLAR staff employed by the new towns have been awarded a 7.5 per cent pay rise, backdated to July 1.

The arbitration, which followed reference to the Advisory, Conciliation and Arbitration Service also includes improved long-service leave.

Mr Alex Thompson, national officer for the National and Local Government Officers Association which represents most of the 8,000 staff covered by the award, said yesterday:

"The arbitration panel has gone some way to restoring the parity that has traditionally existed between local government and new towns, so justifying the reference to arbitration."

Mersey dock unions ponder 'final' pay offer

Financial Times Reporter

MERSEY DOCK shop stewards failed after four hours yesterday to draw up a recommendation to put to a mass meeting of the 3,500 dockers this morning on the port employers "final" annual pay award offer.

The stewards will meet again two hours before the mass meeting in the Liverpool boxing stadium.

After four months of protracted negotiations the position remains open to the last.

Mr Jimmy Simes, district dock secretary of the Transport and General Workers' Union, said last night that, even so, a resolution would be put to the members today.

TUC supports move to form education alliance

TWELVE UNIONS and 14 other organisations with a direct interest in education have joined forces in an effort to exert greater influence on the Government.

The new education alliance is supported by the TUC. TUC general secretary, Mr Len Murray, said yesterday: "The Government has shown a marked reluctance to listen to us individually.

"We believe the Government will have to listen to us if we speak with a united voice."

Each organisation will continue its own campaign under the alliance umbrella, but a series of joint activities are planned including a national conference in December, a national education week next spring and joint publications and regional campaigns.

The alliance claims government policy has resulted in millions of people being denied the education that can change their lives for the better.

Mr Murray called for an increase in education spending. He said "To deprive education of resources is to deprive the nation of its future wealth."

The alliance will press for free day care and nursery education; a completely comprehensive secondary school system with greater emphasis on preparation for working and adult life; education and training for all 16 to 19-year-olds; a statutory system of industrial training; more open access to higher education and more opportunities for all, and restoration of the school meals and milk service.

British Rail and unions begin productivity talks

BY OUR LABOUR STAFF

BRITISH RAIL and its unions yesterday began the first of a series of productivity negotiations. The talks are to progress along a timetable, the mutual acceptance of which ended the threat of a national rail strike last month.

The locomotive and the salaried staff sections of the Railway Staff Joint Council met and both discussed the issue of flexible rostering—one of the six main items in the productivity understanding between the railways board and the unions.

The locomotive section also discussed single manning, and the salaried section the issue of streamlining administration.

The traffic section is due to meet today to discuss flexible rostering and the withdrawal of guards on some types of freight trains.

The Railway Staff Joint Council is due to make recommendations to the Railway Staff National Council based on the agreed timetable.

Talks on the concept of open stations, and on variable rostering and single manning are due to be completed by October 31. Discussions on freight-train manning and the trainman grade concept are scheduled to be finished by January 1.

The unions have also agreed to reconsider train manning on modern stock in commuter areas based on the Bedford-St Pancras electrification service which is due to start next May.

Warning on dangers of growing anti-science movement

David Fisher and Raymond Snoddy look at aspects of the British Association meeting

THE DUKE of Kent warned yesterday of the dangers of a growing anti-science movement based on the assumption that, by pursuing their objectives without restraint, scientists were putting everyone at risk.

The Duke was delivering the presidential address to the 150th anniversary meeting in York of the British Association for the Advancement of Science.

Such "counter-scientists," he said, pointed to such undesirable developments as nuclear weapons, toxic insecticides and dangerous drugs such as thalidomide, suggesting that since science is capable of showing such an ugly face scientists cannot be trusted.

The Duke, who was awarded an honorary doctorate by York University yesterday said that the counter-scientists believed that, if necessary, scientists should be forcibly prevented from pursuing potentially hazardous work.

"In other words, scientists should be held responsible for the ultimate results of their research. It can only be a short step from that argument to a position where scientists are told what they may or may not do—hardly a situation, I would think, conducive to the advancement of science," he said.

It was unrealistic to expect scientists to foresee the ultimate consequences of their work.

The Duke agreed that no one wanted to be fried alive by nuclear weapons or poisoned by insecticides. But he went on to pose the question: was it more responsible to stop at the first hint of danger, or to press on and discover more, and with more complete information be better prepared to warn of possible dangers?

He went on: "It is the scientist's first and imperative duty to expand the boundaries of knowledge. He has not merely a right but a duty to pursue the truth."

Agricultural chemicals might pollute the environment but they also increased food production.

"Are they to be outlawed," he asked, "on the basis that it is better for people to die of malnutrition than to risk being exposed to contamination?"

He argued that the main task facing the British Association was to ensure that the public had as good an understanding as possible of what science and scientists do, what possibilities there were, and what choices need to be made.

Physics 'still suffers from postwar efforts to foster it'

THE LARGER NUMBER of students now reading engineering in British universities was partly at the expense of physics, Professor R. V. Jones, FRS, professor of natural philosophy at Aberdeen University, warned the British Association meeting at York yesterday.

British physics had not yet recovered from the Government's postwar efforts to foster physics Professor Jones told a symposium reviewing 150 years of the physical sciences.

"What we need are more students coming into engineering and physics as a whole, and not so much a switching from the one subject to the other without an overall increase in numbers."

Engineering would not benefit in the long term if efforts in physics were weakened. "Without new physics today there will not be much new engineering tomorrow," he said.

Professor Jones reminded his audience of those Nobel-prize-winning British physicists—J. J. Thomson, J. D. Cockroft and P. A. M. Dirac—who began their careers as engineers.

The part played by physicists in the Battle of Britain by developing radar, had made so great an impression on the Government that post-war governments had decided to strengthen science, particularly physics, he said.

Nuclear physics and radio-astronomy had been given special status—nuclear physics for its military and economic potential and radio-astronomy because Britain's lead in radar could be applied to more pacific objectives.

The building of national laboratories had been at the expense of universities, industries and "most unfortunate of all" school teaching. The U.S. had also "brain-drained" many British physicists.

Professor Jones believed that science might be at a stage where "applying physical knowledge to other sciences will be more rewarding than the same effort put into advancing physics for its own sake."

Sir Fred Dainton, chairman of the British Library, introducing the symposium, said that in the 150 years of the BA the scientists' status had changed dramatically from being men of leisure "because they had either private means or wealthy patrons."

Today, the scientist, "employed rather than patronised," and the engineer, who could no longer afford to neglect materials science, formed a symbiotic partnership.

Dr Ewan McEwan, former chief engineer of Joseph Lucas, told the symposium:

"I see no sign anywhere in the world that any nation understands the revolution that now faces us."

With the microchip society had a tool more powerful than any before. There was no need for people to continue to do repetitive work.

Dr McEwan reminded the symposium that, before the era of the microchip, society had already adapted to a revolution in which the 80 per cent or more engaged in agriculture had fallen to 8 per cent.

"When are we going to apply our minds to the biggest challenge that the human race has ever faced?" he asked. Minor changes in productivity, face-lifts in the product, tax changes were nothing but "a sigh in a hurricane."

"The difficult birth of thermodynamics might be said to be due to the fact that it was a breech delivery," Sir George Porter, director of the Royal Institution, told the symposium. "Only today by starting with statistics and information have we got the thing logically the right way round."

Sir George described the emergence of thermodynamics as "a gradual dawning of understanding" involving many great scientists, rather than any single flash of inspiration. Its significance had emerged slowly. Later came the statistical interpretation and, as late as the 1950s, the connection with information theory.

Compensation for drug victims urged

THE PHARMACEUTICAL industry and the legal and medical professions should unite to prepare a compensation scheme for people injured by drugs, the British Association meeting was told yesterday.

Professor Desmond Laurence, of University College, told the biological sciences section that before drugs were licensed for general use there should be strict liability on the manufacturer. After the licensing there should be a no fault scheme centrally funded by the parties involved.

Although such compensation could be paid only where the cause of disability was firmly established, such a scheme would help to end "the scarifying confrontations" between drug victims and pharmaceutical companies and the endless legal actions.

"In my view the implementation of a sensible and fair scheme will do more to promote public understanding of the realities of the use of medicines than any amount of exhortation," Professor Laurence said.

A capacity for harm was inherent in drugs. But what was extraordinary was that although accidents occurred due to human fallibility, conduct that was indefensible and commercialism, there was a massive favourable balance of benefits from drugs.

In the past 150 years we have passed from virtual total ignorance and a handful of partially effective medicines to being able to save lives and to transform lives for the better, he said.

Professor Laurence forecast better medicines for those diseases which can be treated now and new medicines for those which could not.

Coming up next . . . the informercials

Ian Hargreaves, in New York, describes developments on the media front

"OUR CLIENTS, without exception, are beset with anxiety, confusion and frustration," says Mr Roy ("Bucky") Buchanan, U.S. media director of the J. Walter Thompson agency, as he warms to his subject.

Mr Buchanan is not talking about the shaky U.S. economy, which for a second year in succession has kept advertising expenditure stagnant in real terms. He is not even talking about the outrageous cost of producing and screening television commercials. His theme is the new media, by which he means videodiscs, videocassettes, viewdata (teletext) and, most important of all, cable television and its adjunct, pay television.

It may seem surprising that JWT's, or anybody else's, clients should be bothering themselves about such a tiny fragment of the great, seamy shroud of the U.S. advertising business. Even cable TV, the only member of the new media to have found even a brownstone garret among the ever-multiplying tower blocks of Madison Avenue, accounted for less than $100m in advertising revenue last year, compared with $55bn U.S. media as a whole.

Even if you project the figure forward a decade, as the recently formed Cable Advertising Bureau does, you arrive at a number that is only in the $2.25bn to $3bn a year range by 1990.

The confusion, says Mr Buchanan, stems chiefly from an over-supply of competing information about the new media from the 20 or so magazines that have sprung up in the last two years to cover the field. The anxiety, however, may well have been stoked by people like Mr Buchanan, who is busy telling JWT's clients that they had better start taking notice of cable.

"It is vital that advertisers get in at the beginning of this thing. It is going to be a giant industry," he says, comparing cable with the birth of colour television in 1949, when advertisers were dazzled into shock at first by the oddity of seeing their products blazing from the screen.

"We are going to have to learn how to use this medium, and it will take time," says Mr Buchanan. "I can't tell you exactly what you're going to get out of participating."

There is, however, little dispute that cable TV is going to spread rapidly in the U.S. Today, over 18m American homes have cable, representing 23 per cent of the country's TV homes. JWT puts the likely 1990 figure at 52.5m homes, or 55 per cent of TV homes, and few other forecasts differ widely from this.

JWT also expects that by 1990, 33.4m of these cable owners will also be paying an extra fee to their cable company to recieve one or more of the many pay TV services that will be available by then. That will mean that one-third of TV homes will have pay TV, compared with 10 per cent now.

This is indeed a revolution of potential programming diversity which no advertiser would want to miss, providing as it will the opportunity to "narrowcast" to ever more specific audiences at comparatively low cost.

Even today, in the infancy of this revolution, cable subscribers can obtain services ranging from 24 hours sport, 24 hour news and the entire proceedings of the House of Representatives, to foreign language stations, black programming, and even scattered "cultural" offerings.

For the small advertiser, whose budget currently does not run to the $50,000 to $175,000 por 30 seconds of prime time charged by the networks, cable opens up the possibility of television advertising for the first time.

Some stations have started experimenting with on-the-air small ads, and for businesses such as car dealers, centrally-produced film footage can be used as a backdrop for a more detailed, personal message on a local cable show. Eventually, two-way cable systems will create the possibility of direct viewer response, either to ads or to polls.

For the big clients, Mr Buchanan sees the chance to develop entirely new types of commercial, perhaps up to 30 minutes long, in which a JWT client like Kraft would put on a cookery demonstration, for example, using mainly its own products.

Madison Avenue already has its jargon ready for such spots, which it calls "informercials." The other option s to go for "advertainment": by which the industry means long commercials (Mr Buchanan cites as a comparison the kind of commercials you see in cinemas in France and Italy) which are well-made, fun, and in harmony with the experience of cinema-going.

By fragmenting the television audience, cable also offers advertisers the chance to position their slots in highly appropirate parts of a given schedule. JWT, for example, has a long-term contract to position Quaker Oats pet food products as the mainstay of a pet care programme which runs weekly on one of the cable systems.

There are, however, a number of unresolved problems. One is to find a reliable method of counting audiences, without which Madison Avenue, weaned on costs-per-thousand, feels highly insecure.

Another is the extent to which advertisers can break into pay TV, which owed its origin (in Home Box Office, the movie channel owned by Time Inc.), to the fact that consumers were prepared to pay a monthly fee to see their films without interruption.

Mr Buchanan, who says that right now JWT is negotiating a deal to experiment with advertainments on a pay TV channel, is sure that many pay TV channels will succumb to commercials at a price. Advertising industry surveys have shown that a majority of pay TV subscribers will answer 'Yes' to a question along the lines of: "Would you accept commercials on pay TV if it halved the cost of your subscription."

The trick will be discretion, says Mr Buchanan. It would be fatal to interrupt a movie more than once, for example, and Home Box Office itself has sworn never to let in the advertisers. But in sports programming or news, Mr Buchanan thinks the opportunities are sitting up and begging.

He even contends that video discs and pre-recorded videocassettes could one day offer some advertising slots, which would be the equivalent of hearing an ad for the Lincoln Centre every time you put on a recording of the New York Philharmonic. "Perhaps that advertising will just be on the boxes."

All of this, naturally, has implications for other media, especially at a time when advertising spending as a whole is not growing, or at any rate not in real terms.

Some people think the networks are finished, which is certainly an exaggeration, but they are probably past their heyday of grabbing 9.3 per cent (in 1980) of total advertising expenditure. Television as a whole took a record 20.7 per cent last ear.

An important compensating factor for the networks probably awaits the down the road, however, as moves to de-regulate the broadcasting industry gather strength and allow broadcasters also to be cable owners. CBS has recently been given permission to launch an experimental cable service that will include a culture line, having previously watched powerlessly as its former cable offshoot Viacom, which it was forced to divest itself of in the early 1970s, grew at a spectacular rate.

JWT sees the network audience share declining from 88 per cent to 70 per cent within the decade, something will certainly focus the networks' mind even more closely on their costs problems, as a declining audience ought to dictate a decline in real advertising rates.

Radio, so far as most advertising people are concerned, is sitting pretty, having already arrived at narrowcasting—there are 120 radio stations in New York City alone.

Radio has increased its advertising market share from 5.8 per cent in 1960 to 6.7 per cent last year by constantly shifting its composition to meet the tastes of changing audiences. In the last 12 months, the trend has been towards country music and talk-show programming.

Back in the world of hard copy, newspapers and magazines are going to have to run fast merely to stand still. Magazines' market share fell from 7.8 per cent in 1960 to 6.6 per cent last year, and a decline in cigarette advertising (by R. J. Reynolds) and liquor ads (by Seagram) has hurt the big names again this year.

Newsweek and Time were both down in the first half of 1981, according to an Advertising Age survey, although as ever in this rapidly shifting field, there are bright stars that are growing fast, among them Creative Computing, Bon Appetit, Working Women, Self Money, Gentleman's Quarterly, and Harper's Bazaar.

Newspapers are also on a slow slide, which partly explains why several of the biggest operators, including the New York Times and Knight-Ridder, have already booked their seats to the future by buying into cable TV.

TOTAL U.S. TV AUDIENCE GROWS . . .

	Jan 1981	Dec 1983	Dec 1986	Dec 1989
TV households	79.9m	84.8m	90.0m	95.5m
. . . BUT SO DO THE NEW MEDIA:				
Cable TV households	18.4m	32.2m	41.4m	52.5m
Pay TV households	8.0m	17.8m	24.3m	33.4m
Subscription TV (direct satellite-to-homes)	0.8m	2.5m	4.5m	4.8m
Videodisc and videocassette	1.6m	3.4m	13.5m	19.1m
. . . MEANING THAT THE NETWORKS LOSE THEIR GRIP:				
Households using TV in prime time	49.5m	53.4m	57.6m	62.1m
Networks' average audience	43.6m	43.8m	44.9m	43.5m
Networks' share of prime-time TV audience (%)	88	82	78	70

Source: JWT, New York, August 1981.

AA SURVEY

'Great majority is not opposed to advertising'

AS A TOPIC of concern, advertising is low on the list of subjects that arouses the British public.

Few people talk about it. Fewer still hold strong opinions on it. Only a very small minority, 2 per cent, feels that major change is needed in this area.

According to a new survey by the Advertising Association, published yesterday, the topics that people in Britain talk about most are family life (53 per cent), education, the Government, and professional sport (42 per cent), and bringing up children (41 per cent).

On this measurement, the unions score 30 per cent, religion 16 per cent, Big Business only 9 per cent, and advertising 8 per cent.

The survey, by the British Market Research Bureau, covered a national sample of 1,116 adults and was directly comparable with earlier AA surveys.

Seventy-seven per cent of the sample approve of advertising, says the AA, while 16 per cent disapprove. Seven per cent have no opinion.

According to the AA: "This follows the trend shown by attitude surveys since 1972, of a continuing increase in the proportion of the sample approving of advertising and a decline in the proportion disapproving.

"In 1972, 67 per cent of the sample approved and 24 per cent disapproved. It is also clear that young people are more strongly in favour of advertising than older ones; 89 per cent of the 15-24 age group approved, as against 6 per cent disapproving."

Only 10 per cent of the total sample disliked advertisements in the Press and magazines; 15 per cent disliked TV commercials.

The AA says that a "very small proportion" of the sample expressed consistent attitudes of disapproval or dislike.

Second interviews with all identified strong disapprovers who would consent to a further interview (two-thirds of those who qualified), found that the main reasons for disapproval of advertising were centred around dislike of the stereotyped life-styles shown in advertisements: fear that other people might be misled by advertisements; dislike of the quantity of advertising, or disapproval of specific types of techniques of advertising.

"Very few of the sample disapproved wholeheartedly of advertising," says the AA. "Very few were in favour of further restrictions on advertising, and none at all were in favour of the total prohibition of any kind of advertising."

The last AA survey of this kind was carried out in 1976, since when, it says, there have been many developments affecting advertising.

These include an "elaborate and costly" Office of Fair Trading investigation into the incidence of misleading advertising in Britain: new legislation; several revisions to the Code of Advertising Practice: and mounting criticism of certain types of advertising, notably advertising to children, and alcohol and tobacco advertising.

The AA says that advertisers and those working in the business must never become complacent about its public standing. "Nevertheless, these findings suggest that the great majority of people are not opposed to advertising."

Public Attitudes to Advertising, 1980-1981. Advertising Association, Abford House, 15 Wilton Road, London SW1V 1NJ. 01-828 2771.

Longer hours, but not longer drinking

WOULD an extension of the licensing hours in England and Wales encourage more drinking and alcoholism? No, according to some research compiled by Wyman-Harris, the Cheltenham-based company which monitors the pub trade. It has investigated drinking in Scottish pubs since the extension of licensing hours there and has discovered that the extra time is almost exactly balanced by a decrease in the number of customers in residence at any one time.

Scotland remains a nation of heavy drinkers—much heavier than the English and Welsh. While accounting for just 9 per cent of British adults, and 10 per cent of the pubs, Scotland manages 17 per cent of turnover. But even these enthusiastic drinkers have not used the extra hours to consume more.

Drinking in Scottish pubs comes across as a quite different matter from consumption elsewhere. There are fewer under 25s, many fewer women or members of the middle class; and the Scots drinker is five times more likely to be consuming spirits than his rivals elsewhere in the UK. But the Scots also drink cider, lemonade and peppermint cordial well in excess of southerners.

Etcetera

● Doyle Dane Bernbach is to handle the launch of Kitchen Buffalo domestic cleaning products, worth £300,000 a year in advertising now but with much potential. The account is part of Wilkinson Sword and was pitched for by the four agencies that the company uses. DDB already looks after Bryant & May and other match and lighter advertising.

● Cadbury's Cocoa gets its first advertising campaign in a decade in a £150,000 promotion in the women's press. The agency is Ted Bates. The aim is to increase the use of cocoa in cooking: over half the £8m cocoa sales now go into baking. But Batchelors has just launched Cup-a-Time, a product designed to take sales away from all the hot milk drinks—cocoa, Ovaltine, and Horlicks.

● After three years without advertising support R. White lemonade returns to Allen, Brady & Marsh which gave it brand leadership in the market with its "Secret lemonade drinker" campaign. Advertising will start again next year.

● CHRIS ROOSE, quoted in last week's article on production costs, is a founder partner in Thorne Roose Georgiades.

● Kerrygold is returning to television this month with a £500,000 campaign. For the first time it is using, through Benton and Bowles, 40-second commercials. At the same time a Kerrygold logo is being introduced at point of sale to reinforce the image.

● Semolina is making a comeback. Birds is supporting its Whisk and Serve Semolina with a £350,000 advertising campaign in the hope of doubling the semolina market to £6m.

Poster put-down

THE BRITISH Posters consortium, strongly criticised by the Monopolies and Mergers Commission in July, now seems likely to shut down sooner rather than later.

British Posters is understood to be under heavy pressure from the Office of Fair Trading, responsible for implementing the Commission's conclusions, to shut down as soon as possible.

The stumbling block, however, remains the advance commitments undertaken by the 10 companies in the consortium which sell pre-selected packages of poster sites throughout the UK.

Officially, British Posters is saying little, apart from confirming that it will honour all its commitments until it ceases trading.

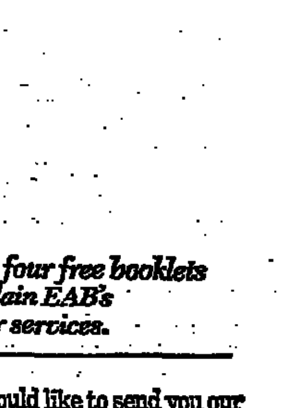
But the feeling within the industry is that British Poster's shut-down could be speeded up by some of the major poster contractors offering special deals for ex-British Posters customers.

Already two poster contractors—Arthur Maiden and National Solus Sites—have announced the formation of a joint operation to market sites on a national basis in most main poster sizes. This operation was planned before the Monopolies Commission report, but the imminent demise of British Posters has given the venture an extra boost.

The Commission's main conclusions, after two and a-half years of study, were that the dominance of the British Poster consortium acted against the public interest by leading to higher prices and reduced competition. The Commission concluded that British Posters should be disbanded and not reformed.

Although British Posters was obviously upset by the Commission's findings, it has had little option but to accept its findings.

Meanwhile Grahame Owen, the former managing director of British Posters, has been appointed managing director of the "Creative Handbook"—the guide to the advertising and associated industries. Mr Owen, whose resignation was announced after the Commission's report was published, is understood to have decided to leave British Posters some time ago.



هكذا منذ الأصل


Map by George Philip and Son Ltd. © 1978.

International Appointments

Financial and Administrative Management Appointment...

FINANCIAL CONTROLLER

Kingdom of Saudi Arabia — **c. £17,500 (tax free) plus car, accom. etc.**

Our client is an international leader in the specialist field of transportation and erection of very large industrial equipment. They have an expanding operation in Saudi Arabia, with substantial contracts to fulfill.

Reporting to the General Manager, the successful candidate will assume a broad financial and administrative role, and will play a vital part in developing the company to handle the expansion envisaged. This will encompass performance reporting, budgeting, cash management and contract control, as well as facilities administration and liaison with third parties.

Candidates should be qualified accountants aged in their 30s with line experience in an engineering, construction, transport or similar environment. Some overseas exposure would be an advantage. This appointment is single or married status.

Written applications containing career details should be forwarded, in confidence, to Anthony J. Forsyth B.Sc., at 410 Strand. London WC2R 0NS, tel: 01-836 9501, quoting reference number 3373.

DOUGLAS LLAMBIAS
Douglas Llambias Associates Ltd.
Acccuntancy and Management Recruitment Consultants
DLA
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

Interesting opportunity for travel-related operational audit with scope for promotion to financial management appointment in group headquarters and other locations in Europe

CJRA

SENIOR OPERATIONAL AUDITOR — EUROPE

BRUSSELS — B.F. 1.1-1.3 million, SPECIAL TAX ARRANGEMENTS

A U.S. MULTI-MARKET INTERNATIONAL CORPORATION IN THE FIELD OF HIGH TECHNOLOGY

This vacancy calls for candidates, aged 25-35, who have a recognised accounting qualification and who have at least two years' post-qualification experience, either in accounting practice or in manufacturing industry. The prime responsibilities of the selected candidate, who will report to the European Audit Manager in Brussels, will be to conduct operationally orientated audits at subsidiary locations in Europe. There will also be potential opportunities to visit the U.S. and other parts of the world. The away travel requirement will be approximately 75% and return to home base will be paid every weekend from all European locations. Fluency in English is essential, as is a good command of at least one other European language. Personal qualities should include the ability to integrate with an established, fast-moving operational audit team. Initial salary negotiable B.F. 1.1-1.3 million, subject to expatriate tax arrangements, non-contributory pension, free life assurance and medical schemes and reimbursement of relocation expenses. Applications in strict confidence under reference SOA/13570/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

ABU DHABI NATIONAL OIL COMPANY

ANNOUNCES THE FOLLOWING VACANCY:

SUPERINTENDENT, INTERNAL AUDIT

Plans, directs and supervises the activities of the Internal Audit Department to ensure the reliability and accuracy of information and compliance with ADNOC approved policies, plans, procedures, effective laws and regulations. Ensures safeguarding and protection of company assets.

The candidate should have a recognised Accounting Degree and/or a professional Accounting qualification (ACCA, ACA, CPA) plus ten years' experience in accounting work including at least six years in audit function. Good knowledge of Arabic and English is also required.

Interested candidates are invited to forward their applications together with photocopies of their education and experience certificates within two weeks from the date hereof to:—

PERSONNEL DIRECTORATE — EMPLOYMENT DIVISION
ABU DHABI NATIONAL OIL COMPANY (ADNOC)
P.O. BOX 898 — ABU DHABI — U.A.E.

Scotiatrust

CAYMAN ISLANDS

has a vacancy for a

Qualified Accountant

This is a management position reporting to the Manager—Insurance Services. The successful applicant will be responsible for the preparation of the financial statements of insurance companies under management and the co-ordination of accounting activities in the Insurance Services Division. Applications will be entertained only from those persons holding a recognised accounting qualification and having experience of compiling or auditing insurance company accounts.

Salary will be in the region of £15,000 p.a. tax free according to experience, together with other fringe benefits including pension fund, group life insurance and medical plans, and four weeks' annual leave together with air fares paid to the U.K.

Interviews will be held in London or other cities if necessary in mid-October but in the first instance applications to include full details of qualifications and previous experience should be addressed by air mail to The Manager, The Bank of Nova Scotia Trust Company (Cayman) Limited, P.O. Box 501, Grand Cayman, British West Indies.

HONGKONG ELECTRIC HOLDINGS LTD.

GROUP CHIEF ACCOUNTANT

£20,000 per annum negotiable

This is a unique opportunity for an ambitious accountant to join a diversified Group and participate in its ever expanding activities of electrical generation and distribution, property development, engineering consultancy, consumer and technical products sales, credit and finance. The annual turnover of the Group for 1980 was in excess of £130million, with a profit before tax of £40million.

Reporting to the Group Finance Manager, the Group Chief Accountant will be responsible for the efficient operation of a large accounts department.

The candidate we are looking for must be a qualified accountant, aged under forty-five, have held positions in a similar capacity and be able to supervise and motivate staff as well as communicating effectively at all levels.

This is a senior appointment and carries with it excellent conditions of service. They include rent-free accommodation, free electricity, furniture allowance, education allowance, medical, accident and life assurance benefits. Generous retirement benefits and forty-five days home leave per annum with air passages for the employee, spouse and dependent children up to 19 years of age.

Salaries tax in Hongkong is currently at 15% maximum.

Please write or telephone for application form from:

Administrative Officer
THE HONGKONG ELECTRIC CO. LTD.
Borneo House, 62-63 Mark Lane, London EC3R 7NE (Telephone: 01-488 1973)

The Hongkong Electric Group

SAUDI BRITISH BANK

Saudi Arabia

HEADS OF DEPARTMENT

c.£14,000-£20,000 p.a. tax free

The Saudi British Bank is a joint venture between Saudi business interests and the Hongkong Bank Group.

The Bank is at the forefront of the growth of the Saudi national economy and the rapid expansion of the banking operations has created opportunities for departmental managers. The requirement is for six Managers to work in the Head Office and branches in Saudi Arabia on contract for 2 to 3 years, principally Jeddah, Riyadh or the Eastern Province. They will be managers of departments such as deposits, remittances, imports and branch accounts, or possibly of small branch offices. 2 Managers are required in position before the end of October.

Candidates must have a minimum of 4 years banking experience in one of the larger UK banks and a proven record of success as a Junior Executive including the direction of clerical staff. Applicants who have passed part 1 of the Institute of Bankers' Examinations will be preferred. Previous experience overseas will be an advantage.

The terms are generous and include a salary of between SAR6,500 and 9,500 per month depending on experience with a bonus of 2 months' salary per annum – equivalent to c. £14,000 – £20,000 per annum at present rates. Furnished accommodation complete with utilities will be provided free, together with a servants allowance. There is 6 weeks leave per annum and a special leave of 7 days. Air tickets will be provided for the whole family. Finally a terminal grant of 15 per cent of basic salary drawn is payable after two years satisfactory service.

Please send a full account of your career to date and of how you match the requirement to: A.M. Child, International Recruitment Controller, The Hongkong Bank Group, 99 Bishopsgate, London EC2.

WELL LOGGING OPPORTUNITIES WITH GEOSOURCE

Geosource Inc., a multi-national Corporation, located in Houston, Texas. U.S.A. is dedicated to providing sophisticated electronic products and services for the petroleum exploration industry. We are interested in identifying companies in the United Kingdom involved in the development of open and cased hole products and seismic instrumentation for the wireline services industry. Primary thrusts should be geared toward current state-of-the-art industry techniques as well as research and development projects for future growth.

In addition, Geosource currently has excellent career opportunities in Houston for Research and Development Engineers experienced in open and cased hole well logging products. Qualified candidates can expect an excellent salary/benefits package, paid relocation, and visa assistance.

All inquiries will be treated in strict professional confidence and should be sent to: Personnel Manager, c/o SIE/Geosource, 6030 S. Rice, Houston, Texas, U.S.A. 77081. **Collect calls will be accepted between the hours of 7:00 p.m. and 10:00 p.m. British time, (713) 660-6601.**

We are an equal opportunity employer, m/f.

Electronics Group
Geosource Inc.
"Creating Research Technology for Today... And Tomorrow"
GEOSOURCE

Financial Controller

Australia • c.$A40,000 + benefits

The Australian Division of a multi-national organisation is seeking a Financial Controller to play a vital role in their small management team reporting to their Managing Director.

Ideally, you should be aged 35 to 40 with a degree or an ACA or ACCA, plus considerable relevant experience.

You will have responsibility for the financial management, administration, EDP and personnel services of a company with a turnover of around £10 million in the field of consumer and other allied products.

This is an unusual opportunity which offers considerable scope for personal development.

A salary of c. $A40,000 will be negotiated and company benefits include relocation expenses and a car.

Now send full personal and career details (including home telephone number) to The Appointments Manager, Bull Holmes Bartlett Limited, 45 Albemarle Street, London W1X 3FE, quoting ref. 573 clearly on your envelope and listing in a covering note any organisations to whom you do not wish to apply.

Bull Holmes Bartlett
RECRUITMENT ADVERTISING SPECIALISTS

BECKWELL seeks for its client, a multi-national advertising agency, an

Internal Auditor

The position requirements are:

— Accountancy qualification, preferably gained with a major firm.
— At least 5 years experience in an auditing environment with an international company operating in service or manufacturing industry.
— Availability to travel through Europe and based in Frankfurt.
— Fluent English is essential and understanding of French and German languages will be advantageous.
— Salary negotiable.

Application, giving full career and salary details, should be addressed in writing to

Beckwell
Internationale Unternehmens- und Personalberatungs-GmbH
Falkensteiner Straße 75-77 · 6000 Frankfurt/Main 1 · Telefon 0611/1507-331

SENIOR ACCOUNTANT

International non-profit organisation seeks

SENIOR ACCOUNTANT for its New York headquarters.

Requirements include membership in a professional accounting body. 8 to 10 years' progressive practical experience, including EDP extensive application; fluency in English, knowledge of French or Spanish desirable. Will provide functional guidance to accounting staff entire operations. therefore managerial experience required. Salary based on qualifications and experience. Send detailed résumé and salary history to:

Room A6354

PO Box 20, Grand Central Station, NY 10017, USA

MANAGING DIRECTOR

SINGAPORE-BASED
SWEDISH OFFSHORE COMPANY

With the objective to launch a versatile offshore operation in South-East Asia and neighbouring areas the Swedish offshore company Consafe jointly with Volvo Energy, affiliate of the Swedish car manufacturer Volvo and the Swedish shipping company Wallenius Lines have incorporated Consafe Far East Pte. Ltd. in Singapore.

Consafe Far East will be responsible for marketing and management of own and chartered floating equipment to operators in ASEAN countries, India and China. The company will operate independently from its owners in accordance with goals established by the Board.

We are herewith inviting applicants for the challenging position as managing director of Consafe Far East Pte. Ltd. to contact us in writing by letter or telex prior to September 15, 1981.

Enquiries may be made by telephone 46-31-29 22 30 to Robert Almstrom.

Applications should be addressed to:

CONSAFE AB
Attention: Robert Almstrom
P.O. Box 5031, S-421 05, Vastra Frolunda
Sweden

LARGE AMERICAN BROKERAGE FIRM

seeks person experienced in
PHYSICAL OR FUTURES MARKETS
for its Paris branch, to trade cocoa, sugar and coffee futures on the international markets
Send résumé to Box A7607
Financial Times
10 Cannon Street, EC4P 4BY

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide

01-637 7604

International Appointments

General Manager

Retailing

An established and diverse trading group, with more than 100 retail outlets, and an annual turnover of nearly £100m, has identified a need for a general manager to take control of its major retail operations and contribute to its further growth.

The general manager will work closely with the Chief Executive and will take immediate responsibility for all day to day activities, working through divisional managers. The next stage will be to determine and implement the commercial strategy needed to develop imaginative trading policies which will enhance profitability.

The requirement is for an experienced executive who has a successful record of generating profits in a substantial retail organisation and can offer a combination of creative trading, marketing and management skills. Age: around 40. The position is open to men and women.

Remuneration: £25,000 plus car. Location: South coast.

Please write in confidence to D J Bishop (Ref: 1181F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TMA

Computer Audit Inspectors

The Joint Credit Card Company is a highly successful organisation operating the *Access credit card scheme* on behalf of major banks in the British Isles. We have, in Data Processing terms, a major installation located in Southend.

Two new key positions, one at a more senior level, have been established which will have a significant influence in *the development of our Computer Audit* function.

Candidates should be qualified accountants with computer audit experience.

Salaries will be £11,500-£13,500 per annum according to experience, with substantial benefits normally *associated with the banking industry.* Relocation assistance will be provided where appropriate.

Please telephone or write for an application form and further details to the Personnel Manager, Joint Credit Card Company Ltd., Chartwell House, 365 Chartwell Square, Southend-on-Sea SS2 5ST. Tel: Southend (0702) 352211 ext. 8233.

Access

A service of Lloyds, Midland, National Westminster, Williams & Glyn's and Clydesdale Banks, The Royal Bank of Scotland, Bank of Ireland, Northern and Ulster Banks.

Financial Controller

Oil Field Exploration

London W1 **neg. £18,000**

Part of a major international oil producing group, this newly formed subsidiary takes responsibility for *exploration activity* world wide. This can include both on and off-shore operations.

This position will play a key part in the company's business. The responsibility will be in designing and implementing control systems for head office and individual areas of concessions, and assisting in negotiations. This will demand a deep understanding of legal and fiscal requirements in many countries.

Candidates must be qualified accountants who can demonstrate success in the financial control of remote operating units. Experience of drafting and reviewing legal contracts outside the UK is a must. Exposure to the oil industry is essential together with an adaptable, enthusiastic approach to challenge and a willingness to travel. French as a second language will be useful. *Age is indicated as 35-45.*

Please reply in confidence giving concise career and personal details and quoting Ref. U924/FT to P. J. Williamson, Executive Selection.

AMS Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

A member of the AMSA Group in Europe and of Arthur Young International

SUCCESSFUL CORPORATE NAVIGATION IN THE EIGHTIES

Decision making involves information selection, analysis and judgement.
With the growth of computing power availability of information is not lacking; precise, pertinent and timely information is.
We believe that **Tymshare Inc.** have achieved a uniquely productive blending of computing power, data communications capability, comprehensive software and skilled business consultancy to aid top level executives who have major planning and strategy responsibilities. Their success is reflected in their $250M worldwide turnover.

The professional competence to recognise and define problems, to motivate and inspire others requires a blend of personal capabilities as unique as their problem-solving approach.
We are currently expanding the City operation and are interested in recruiting consultants and salesmen with a background in **Financial** or **Corporate Planning in Banking, Insurance** or **a major conglomerate.**
You will be a Graduate, MBA or professionally qualified and unlikely to be aiming for a remuneration package of less than **£15,000 p.a.**

Telephone **Mike Linford** on **01-405 0442** or send a brief C.V. for his attention to High Holborn House, 49/51 Bedford Row, London WC1V 6RL. Any approach will be treated in the strictest confidence.

MP

Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester

NATIONAL Girobank

Head of Banking

City of London Office

Negotiable to £19,250 p.a.

National Girobank is one of the fastest growing financial institutions in the UK and its Banking Division is expanding to meet the challenges this brings.

The principal duties of the Head of Banking will be to run the London Banking *operation and establish Girobank's* Town Clearing Branch, to oversee the credit assessment of banks and other financial institutions and to provide regular economic surveys for senior management. The job holder will also be responsible for Girobank's foreign exchange transactions and will develop and extend Girobank's correspondent *banking relationships with a view to* providing a wider range of international banking services.

Candidates, men or women, should have a sound background in economics – preferably to degree level – as well as relevant experience in accounting, domestic banking and/or international banking and foreign exchange.

National Girobank's City Office is located in Milk Street, London EC2. The advertised post is a permanent appointment and there is a contributory pension scheme. Initial holiday entitlement will be five weeks.

Interviews will be held in London, but in the first instance applicants should send a full curriculum vitae to: G. W. Cox, Personnel Controller, National Girobank, Bootle, Merseyside GIR 0AA. Should applicants require further information or wish to discuss this appointment before making an application, they may call our Controller, Investment & Banking, Paul Gottlieb, on 01-600 6020.

VICE PRESIDENT AND DIRECTOR, EUROPEAN MANUFACTURING OPERATIONS

Telecommunications

Substantial salary and compensation package

In Canada and the USA, Mitel has already achieved a record of technical innovation and commercial growth that is probably without parallel.

The Company is now committed to a rapid further penetration of the UK and European telecommunications and semiconductor markets, and to this end is investing heavily in the additional manufacturing facilities and the senior management infra-structure which will make ambitious business goals attainable.

Among a number of new appointments, none is more crucial than that of Vice President and Director, European Manufacturing Operations.

The role will involve overall responsibility for Mitel's manufacturing operations in the UK and Europe.

The key to success in this role is the right combination of business and technical understanding of the concepts of high technology electronics systems. We anticipate the successful candidate offering a c.v. that shows 8-10 years conspicuous success in electronics systems manufacture, preferably in a telecommunications-related environment. It is equally essential that we find a true all-rounder whose experience includes all the functions normally related to the manufacturing process – materials and inventory control, financial control, quality, marketing, engineering and personnel – and whose management thinking is based on the practical experience of leading and motivating teams of people.

Among the personal and intellectual qualities we are seeking we would place particular emphasis on communications skills, and on the flexibility of thinking necessary to manage effectively in a fast-changing business environment.

To sum up, the appointment offers the personal challenge of playing a formative role in the further development of a dynamic, £multi-million manufacturing organisation. It also offers substantial material benefits to someone currently earning at least £20,000 including generous assistance in relocating to our new European Centre of operations a few miles on the West side of the Severn Bridge.

The fullest career and personal details should be sent to E. H. Asher, European Director, Human Resources, Mitel Telecom Limited, Severn Bridge Estate, Portskewett, Nr. Newport, Gwent.

MITEL

RH

FINANCIAL EXECUTIVE

C. London **c£14,000 + benefits**

... to join an autonomous subsidiary of a major City trading house. You should be highly motivated, entrepreneurial with excellent accounting and treasury skills, and the presence to become a front-runner in a dedicated management team. A qualified accountant by profession but trader by nature aged 25-35, with the ability to contribute from day one. The role will be varied thus the incumbent will be *consistently stimulated and challenged.*

TAXING

C. London **c£14,000**

An American oil company offers an energetic and bright Chartered Accountant an interesting career move. As Assistant to the U.K. Corporate Tax Manager, the successful candidate will enjoy a varied tax role ranging from the supervison of tax computations to answering numerous tax queries. Suitable candidates will be in their late twenties possessing good U.K. tax experience. Knowledge of the oil industry would be an advantage.

RAPID ADVANCEMENT

S. Wales **c£12,500 + car**

An ambitious accountant is offered rapid career development within a high-technology manufacturing environment. This senior position with an international company heads up a team providing monthly financial information and financial planning. Suitable candidates will be qualified and aged around 30. Good manufacturing experience and a sound knowledge of computer systems are major prerequisites for this important post.

SYSTEMS DEVELOPMENT

City **c£12,000 + benefits**

A leading merchant bank offers a stimulating and progressive career. Responsibilities encompass the design, implementation and restructuring of computer based systems throughout the operation. An ability to 'think on your feet' is required as decisions made will influence long-term financial strategy. A recently qualified accountant with in-depth knowledge of sophisticated EDP systems will be given every opportunity to demonstrate such skills.

YOUNG ACCOUNTANT

C. London **c£10,500**

An exciting opportunity for a young accountant to enter the world of international business and gain exposure to all aspects of the accounting function. Candidates will hold a major accounting qualification, preferably a relevant degree and will have a sound track record to date. Ambition, mobility and real commitment are the most important qualities that will enable you to succeed within this major international group.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

BOND DEALER

Nomura International Limited, headquartered in London, is the principal overseas subsidiary of Nomura Securities, Japan's leading financial institution. Nomura's worldwide network covers many broad areas such as investments in Japanese securities; financing for governments, international organisations and corporations; as well as the full range of financial and investment services.

Our international bond business continues to expand and we now wish to appoint a successful bond dealer who has gained significant experience with a leading financial institution. We want you, as part of our dealing team, to establish and run an international dealing function to provide a secondary market for straight bond issues.

This is a senior appointment, therefore the salary package, which we expect to negotiate, will reflect its importance.

Please telephone or write to Keith Cuthbertson, Personnel Manager, Nomura International Limited, 3 Gracechurch Street, London EC3V 0AD. 01-283 8811.

NOMURA

Japanese Stock Market Liaison Executive

The First Boston Corporation is expanding its non-U.S. equity trading operation. As a result, we are looking for a professional, to be based in our London office, who has a thorough knowledge of the Japanese economy and stock market to act as liaison between our position traders of Japanese and other non-U.S. equities in London and our institutional clients in Europe and the Middle East.
A creative and hard working individual is required, also an analytical background, especially in the Asian market, would be considered a positive.

Salary negotiable

THE FIRST BOSTON CORPORATION

Please contact:
Peter J. Gough
16, Finsbury Circus
LONDON EC2M 7RY
Tel: 01-628 2000

PEMBER & BOYLE

Opportunities exist in the expanding Equity Department for:

AN ASSISTANT TO THE INSTITUTIONAL SALES PARTNER

and

SENIOR INVESTMENT ANALYSTS

Applicants should have relevant experience and be used to communicating effectively with senior management. Total remuneration will be fully competitive and commensurate with experience.

Apply in writing to:

The Managing Partner,
30 Finsbury Circus,
London EC2P 2HB.

Economist

London

for an international, high technology company, at its corporate headquarters.

In addition to a good degree in Economics, the person appointed is likely to have several years' experience of similar work, and will be seeking career development in a more demanding role, producing confidential reports of economic and other trading influences on the world-wide business operation. Numeracy, including statistical and computer applications, is essential.

Initial remuneration is unlikely to be less than £8,500 per annum, plus the usual range of benefits associated with a large organisation.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1912.

This appointment is open to men and women.

ASL CONFIDENTIAL RECRUITMENT 17 STRATTON STREET LONDON W1X 6DB

A member of MSL Group International

General Manager

Mechanical Handling — £20,000+ Benefits

This is a newly created post with our client, the sole U.K. franchise for one of the world's leading manufacturers of mechanical handling equipment.
An outstanding General Manager is required to help the Group Chief Executive and operational managers to devise and implement co-ordinated marketing plans, optimise cash flow, maximise profits and increase market share from a variety of inter-related activities, including sales of both new and used equipment, leasing, parts and service. The ideal man or woman will be aged 35 to 50 with sound experience of marketing capital goods and related after-sales services, combined with a strong flair for financial management.

The rewards include a basic salary of £15,000 p.a., plus a bonus of around £5,000 for achieving mutually agreed targets. Other benefits include a company car, BUPA, and pension and life assurance plans. Generous assistance is available if required with cost of relocation.

Write or telephone for an application form or send brief cv to the address below, quoting ref: GM50/7740/FT on both letter and envelope, and advising us of any other applications you have made to PA Personnel Services within the last 12 months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Telephone: 01-235 6060. Telex: 27874.

PA

A member of PA International

Economist

Bank of America is seeking an experienced economist for its economics unit at the City headquarters of the Bank's Europe, Middle East and Africa Division. The unit's activities encompass research and market related functions pertaining to international financial markets, country risk evaluation and business development.

The successful candidate will assume an important position in the unit's financial markets section and will be responsible for providing advice and analysis to the Bank's management and to corporate clients. Responsibilities will also include the co-ordination of some of the section's activities.

Applicants must be economics graduates, ideally with 3–5 years' experience of international financial markets, and preference will be given to candidates who can demonstrate technical competence in economic analysis, sound understanding of financial markets and strong communicative skills. Knowledge of one or more major European languages is desirable.

This position offers excellent opportunity for further career development and a competitive salary will be augmented by an attractive benefits package including low interest mortgage, non-contributory pension and free BUPA.
Write with full personal, career and salary details to:—A. J. Tucker, Recruitment Officer, Bank of America NT & SA, 25 Cannon Street, London EC4P 4HN.

BANK OF AMERICA

SENIOR AUDITOR

Sussex Coast

Armco Financial Services Europe is the international finance and insurance division of Armco Inc., a major U.S. multinational corporation.

An experienced auditor is required to join the newly-formed internal audit operation reporting to the Corporate Headquarters in the U.S.A.

Initially, the assignment will concentrate on the finance division, but it is intended to broaden the scope of the position to embrace the Corporation's diverse manufacturing interests throughout Europe.

The Office is based in Brighton, and if necessary a generous relocation allowance is provided. As the function develops, a considerable amount of foreign travel will be necessary. An excellent compensation package is offered.

Candidates should be qualified Chartered Accountants with at least 3 years post-qualification experience involving a wide-ranging auditing background, preferably in the private commercial and industrial sectors. Foreign language ability would be an asset.

Applications giving brief details of qualifications and experience should be addressed to:

J. A. Thomason, Personnel Director,
British National Life Insurance
Society Limited, Westchester House,
Harlands Road, Haywards Heath,
West Sussex RH16 1TD.
Tel. no. Haywards Heath
(0444) 414177

ARMCO BRITISH NATIONAL
An Armco Financial Services Company
The growing name in Insurance.

SOLICITOR

The departure of the senior member of the Company's Legal team to follow a vocation outside the finance industry enables Lombard North Central Limited to offer a unique opportunity to a Solicitor to join the Company's Legal Services Department at Head Office, Curzon Street, London, W.1.

The appointment is for a mature Solicitor with drive and initiative who is experienced in consumer law and practice and has the management ability to take charge of a team of independent minded Solicitors specialising in consumer affairs. The post will involve primary responsibilities under the Head of Legal Services for advice to the Company in all matters arising from the Company's varied activities in the consumer field.

The successful applicant will be a specialist having at least 10 years general experience in advising the banking and instalment credit industry and a detailed knowledge of the Consumer Credit Act 1974. He or she will be used to responsibility and will possess the ability to apply legal expertise towards the practical achievement of the Company's commercial objectives. Management skills and a positive and practical outlook to the law will be essential. Experience of consumer litigation will assist.

Career prospects will include eventual appointment to the post of Deputy Head of Legal Services. The former Head of Legal Services is now a Director of the Company.

An excellent salary is offered, which will reflect the importance of the post and the experience of the applicant, together with a non-contributory pension scheme, in-house lunch facilities, a Company car and house purchase and other loans at reduced rates after a qualifying period.

Please apply with brief details of yourself and your experience to:

**Mr. E. B. Brothwood, Head of Personnel,
Lombard North Central Limited,
Lombard House,
Curzon Street, London W1A 1EU
Telephone: 01-409 3434**

All replies will be treated in the strictest confidence and will be seen by Mr. D. W. B. Hopkin, the Head of Legal Services Department.

Lombard North Central
Limited
Banking Services - Credit Finance - Leasing
A member of the National Westminster Bank Group

Chief Accountant

Automotive Industry–Berkshire

c.£15,000+car

Citroen Cars Limited is part of Europe's largest and most dynamic car manufacturing group and is constantly expanding its forward-looking network throughout the UK.

We are seeking a Chief Accountant based in our Head Office at Slough, to supervise and direct the activities of the section leaders in our Financial Services Department, which has a staff of 13. The chosen applicant will report directly to the Company Secretary, and act as department head in his absence.

This challenging role requires top-class skills and the ability to motivate staff. Duties include the preparation of monthly financial accounts with the aid of computerisation, cash management, credit control and liaison with the company's auditors, bankers and senior management in our Paris Head Office.

An essential requirement of this position is fluency in the French language, both written and oral, and some previous involvement with French accounting systems would be very useful.

Applicants, preferably aged 30 to 35, should have gained at least 5 years' post-qualification experience in a commercial environment and hold membership of one of the professional accountancy bodies.

Male or female candidates should apply in writing to: K. R. Broome, Administration and Personnel Manager, Citroen Cars Limited, Mill Street, Slough, Berks.

CITROËN

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Divisional Financial Controller

West Midlands, c.£17,000 + car

This is an opportunity to join an established division of a major UK service organisation whose growth over recent years has been extraordinary. Applicants, probably Chartered Accountants in their early 30's, would have a good professional grounding and an excellent management accounting experience, preferably both at the centre and at an operating unit within a major group. Acting as the right-hand of their Divisional Managing Director, the Financial Controller will interpret management information provided from the centre, ensure divisional accounting standards are maintained, and assist in every way in the commercial development of the division.

R.D. Howgate, Ref: 27197/FT. Male or female candidates should telephone in confidence for a Personal History Form **061-236 8981**, *Sun Life House, 3 Charlotte Street, MANCHESTER, M1 4HB.*

HIGH FINANCE FOR HIGH TECHNOLOGY MANUFACTURING

Five figure salary plus company car

In Canada and the USA, Mitel has achieved a record of technical innovation and commercial growth that is probably without parallel.

Now, primed for rapid expansion of our already sizeable UK and European telecommunications and semiconductor markets, we are taking on board a small number of senior people who can look forward to substantial personal development as we grow.

The Senior Financial Accountant is one of these key roles. The task: a major career challenge for the man or woman who has had at least three years' post-qualification experience in manufacturing, ideally in a high technology environment similar to ours. You will need to be familiar with computer systems. Important too will be your ability to originate, to plan, to implement financial and management accounting systems – and to assume a greater range of responsibilities as our European operation develops.

If you can match these requirements, are currently earning in excess of £10,000 p.a. and would like a benefits package which includes company car and generous expenses for relocation, we look forward to receiving your CV.

The fullest career and personal details should be sent to K. H. Asher, European Director, Human Resources, Mitel Telecom Limited, Severn Bridge Estate, Portskewett, Nr. Newport, Gwent.

MITEL

CARIPLO

Cassa di Risparmio delle Provincie Lombarde

CARIPLO, with its Head Office in Milan, is the world's largest savings bank and is also the 64th largest banking institution in the world.

At present CARIPLO has a Representative Office in London and it is intended that this should be developed into an operation with full branch status. CARIPLO's development plans lead to the creation of the undermentioned new or additional posts in London, for which applications are now invited:

- Executive Secretary
- Receptionist/Telephonist/Typist (fluent Italian essential for both above posts)
- Syndications Manager
- Treasury Manager
- Dealer (FX and MM)
- Business Development Manager
- Accountant
- Accounts Assistant
- Settlements Supervisor
- Credit Analyst
- Operations Assistant
- Documentary Credits Assistant
- Messenger

A fully competitive salary scale and benefits package will be offered.

Please write in confidence to:
Mr. R. G. Barrett, Operations Manager, or
Mr. M. E. Constant, General Manager,
Cassa di Risparmio delle Provincie Lombarde,
Cunard House, 88 Leadenhall Street,
London EC3A 3BP.

Management Accountant

West London — c.£12,000+profit share+benefits

A substantial operating company (9 figure turnover) in a process industry within a major British group with a world wide reputation seeks a commercially aware qualified accountant or business graduate aged c.28/36.

You will work closely with operational management, providing a comprehensive computer based management accounting and reporting service with finance team support. This challenging position calls for maturity and flexibility and will enable you to make a positive management contribution.

The benefits include a non-contributory pension scheme, generous holidays and relocation expenses where appropriate. Prospects are good with a proven record of promotion within both financial and line management.

Contact David Tod, BSc. FCA on 01-405 3499 quoting reference DT/512/WLF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA — 01-405 3499

Top Executives

Our clients find better opportunities. Are you interested?

**If your talents are being wasted, or your ambitions thwarted, we can help. Our highly skilled career management counsellors have all been engaged in a Top Management role. They understand your problems. After evaluating your true potential through discussion and analysis, they work with you through all stages of the job search until you find that better opportunity that is just right for you. Most of these better opportunities are never advertised.
We have an acknowledged standing in the employment market and an outstanding track record of success. That's why we're confident that after a preliminary discussion you will appreciate why we are able to offer the special sort of help that you need. So why not ring us today.**

MINSTER EXECUTIVE LTD. 28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085

DEMINEX

QUALIFIED ACCOUNTANT

We require a qualified Accountant with a minimum of 5 years' experience to assist the Chief Financial Accountant in the preparation of the monthly and annual statutory accounts and in the development of computerised accounting systems. Relevant experience within the oil industry would be a decided advantage.

The salary offered will depend on experience but will be competitive, fringe benefits are very good and there are the advantages of working for a smaller growth company in a friendly working atmosphere.

Please send details of career and qualifications or apply for an application form to:
Personnel Department
DEMINEX UK OIL AND GAS LTD.
Bowater House, 68 Knightsbridge, London SW1X 7LD

BANK LEUMI (U.K.) LTD.

Expanding subsidiary of major international banking group has vacancies for candidates with 3 to 5 years' experience in

DOCUMENTARY CREDITS

Write with full details to:
Personnel Department,
BANK LEUMI (U.K.) LTD.,
4/7 Woodstock Street,
London W1A 2AF.

RECRUITMENT CONSULTANT

£ NEGOTIABLE

We extend an opportunity to a self-motivated, already successful Consultant to "do his/her own thing" in the market, and in the manner, he/she knows best.

Fully supported in all respects by the existing team of course, the challenge and responsibility is that of generating, developing and handling your own business.

In return the financial rewards will also directly reflect your own success rate, being structured so as to ensure us both a proper "dividend on our investment."

Please telephone John Chiverton

JOHN CHIVERTON ASSOCIATES LTD.
4/5 CASTLE COURT
LONDON EC3
01-623 3861

SENIOR BANKER SYNDICATIONS/F.X.

A seasoned and versatile banker aged 40+ is required by an overseas bank for its London office, shortly to be established.

The appointed individual will be responsible for business generation and negotiation, with the emphasis on syndications. He or she will also handle the daily business of taking and placing deposits/loans, documentary credits business and Foreign Exchange. The overall objective will be to promote the bank's progression from L.D.T. to fully recognised status.

Salary is negotiable in the range £15-18,000.

U.K. LENDING OFFICER

An opening for a young Lending Officer has arisen at the expanding London Branch of a U.S. regional bank.
Candidates, aged 24-31, should have some years' international banking experience including a thorough grounding in the analysis and appraisal of lending propositions and subsequent exposure in a Business Development rôle. The ability to work effectively within a small team is important.
Future career development opportunities are good in line with the Branch's continued growth. Initial salary negotiable in the range £8-10,000.

F.X. MANAGER

Fluent Turkish

There is a growing international banking presence in Istanbul, Turkey and our client, a prominent American bank with a worldwide network of branches and affiliates, is looking for an appropriately qualified Senior Manager for its new branch there. In principle the bank is interested in hearing from anyone with fluency in Turkish who has banking experience at a senior level (including Foreign Exchange), and would be interested in setting up a Foreign Exchange operation in Istanbul.
This appointment offers attractive scope to the right person. Terms are for discussion.

Please telephone, or send a detailed Curriculum Vitae to, David Little

**Jonathan Wren & Co. Ltd., Banking Appointments,
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266**

Portfolio Manager

Pension Funds
c£15,000+Benefits

This challenging opportunity will interest experienced investment managers who have 5 years' or more experience in pension fund investments.

It has been *created by our* City clients planned expansion of its existing pension fund investment business. The successful candidate will participate in this expansion, including involvement in the *formulation* of both investment and marketing strategies.

It is unlikely that candidates under the age of 30 will have sufficient practical experience for this important appointment.

Salary will be around £15,000 and additional benefits include house mortgage scheme, private medical cover, pension and life assurance scheme.

Applicants, male or female, are invited to write in strictest confidence, enclosing a full Curriculum Vitae, to J.D. Vine (Ref RSVP/103) Vine Potterton Limited, Wakefield House, 152/3 Fleet Street, London EC4A 2DH. Please indicate any organisations in which you would not be interested.

Vine·Potterton
RECRUITMENT SERVICES

ACCOUNTS MANAGER

Camberley — **from £13,500**

CALMA, who are well established and growing very fast in the fields of computer aided design and manufacturing systems, are an American-based group with operating units in the UK and Europe. They form part of a US multinational public group, and *they now wish to strengthen their finance team* by recruiting an accounts manager to assist the finance director.

Responsibilities will cover the whole range of financial and management accounting, and will include, the co-ordination and development of reporting and control procedures, which are EDP based, for both the UK operations and those in France, Germany, Italy and Scandinavia. Some travel in Europe will be required.

Candidates, preferably aged 28 to 33, should be qualified ACA/ACCA, with relevant commercial experience, preferably in a computer based, US controlled environment. The salary is negotiable around £14,000 p.a. plus bonus, pension scheme and BUPA. There are excellent progression prospects.

Applicants, male or female, should write in confidence with full details of previous experience and current salary, quoting reference S1753 to J. W. Hills at:

Annan Impey Morrish,
Management Consultants,
40/43 Chancery Lane,
London WC2A 1JJ.

A.I.M.

Commercial Manager

High Technology

West Midlands — **c. £17,500 + car**

A subsidiary of a major US Corporation, the company is the recognised world leader of a specialist high technology market sector. With manufacturing now established in the UK, they are poised to meet ambitious growth plans throughout Europe.

This appointment will strengthen the senior management team, taking full responsibility for finance, accounting and commercial areas, assisting the MD in planning the development of the company. Establishment of necessary control systems will be an initial challenge.

Candidates must be qualified accountants with experience of managing the financial function of a medium-sized precision manufacturing operation. Exposure to US reporting requirements is essential. Demonstrable business judgement, and an adaptable enthusiastic approach will ensure success. Age is indicated as around 40.

Please reply in confidence giving concise career and personal details and quoting Ref. U923/FT to P. J. Williamson, Executive Selection.

AMS
Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

A member of the AMSA Group in Europe and of Arthur Young International

FINANCIAL CONTROLLER

LATE 20's — **LONDON W1** — **£12,000 + CAR**

As a result of continuing rapid growth, a £1m turnover selling and distribution company wishes to strengthen its young management team by the appointment of a Financial Controller. He/She will join just as the company is about to embark on a two to three year computerisation programme embracing accounts, sales order processing, stock control and related systems.

In addition to being responsible for the entire accounting and secretarial function, the Financial Controller will be expected to:

- Improve existing procedures and financial controls
- Introduce an effective management information system
- Work towards successful computerisation as a key member of a small project team
- Play an active role in the management of the company.

Applicants should be in their late 20's and qualified (ACA, ACCA or ACMA) with practical experience of both financial and management accounts. A knowledge of small computers would be an advantage.

Please send a comprehensive career résumé, including salary history and quoting ref. 2021, to G. J. Perkins.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

Banks Analyst

Our client is a medium sized broad-based firm of Stockbrokers, highly reputed for its coverage of a number of U.K. equity sectors. They seek a first class analyst to join their Financials team and take over responsibility for their coverage of Banks.

The successful candidate will have a good educational background and experience of bank analysis gained within the investment community or the banking industry. Concise written *ability, good communicative skills* and the willingness to work within a team are essential.

Remuneration, by way of good basic salary and bonus, will fully reflect the importance of this position.

For further information please contact F.J. Stephens or A. Innes who will treat all enquiries in the strictest confidence.

Stephens Associates
International Recruitment Consultants
44 Carter Lane, London EC4V 5BX. 01-236 7307

Financial director

Mid-Staffordshire, c £14,000 and car

C&L

Our client, a major division of a UK public company manufacturing industrial consumables, with a turnover of £15m, wishes to appoint a Financial Director, who will be a key member of the management team, responsible to the Managing Director for all accounting activities.

The successful candidate will be a qualified accountant aged 30-40, and will be able to demonstrate previous achievement which will indicate an ability to:

- manage a department of 30 people
- develop and implement relevant information and control systems
- contribute to profitable commercial development.

Opportunities occur from *time to time for further advancement within the Group,* both in the UK and overseas, in the fields of Finance and General Management.

An attractive remuneration package is offered including car, pension, life cover, health insurance and assistance with relocation expenses where appropriate.

Résumés, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, should be sent to R A Bradford, Executive Selection Division, Ref. R825.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

43 Temple Row
Birmingham B2 5JT

Deputy Finance Manager - UK

(ACA WITH POST QUAL. EXP.)
to £14,000 + bonus
ISLEWORTH, MIDDLESEX

Profitability and an exceptional record of growth has meant that this UK company still leads in its field after many years. To achieve even greater success in the future, it now wishes to capitalize on its past achievements and is entering a planned programme of expansion which is forecast to produce a most dramatic drive forward. Due to this and as a *result of promotion an Accountant with similar ambition is to be appointed.*

Managing a team of 16, the appointee will be responsible for the accounting of all operations within the company, embracing statutory & monthly reporting, cash flow forecasting and detailed profitability/business reports. There will be particular emphasis on the development & modification of recently introduced in-house computer systems for improved financial & management information purposes.

The successful candidate will provide internal consultancy to various line managers & staff as required. The position is seen as the ideal base for future promotion.

Interested candidates should apply in confidence to:-

Sheldrick, Sedgwick & Goodyer
25 John Street, Gray's Inn, London WC1N 2BL. 01-405 9843
Senior accountancy & financial management selection

BUSINESS DEVELOPMENT MANAGER

Christian Salvesen Limited is a diversified industrial group whose activities at home and overseas span cold storage, distribution, housebuilding, shipping, fish processing and services to the oil industry. Over recent years the growth rate has been rapid and turnover currently exceeds £135 million.

Primary responsibilities will be the identification and analysis of development and diversification opportunities at both group and divisional level; proposing plans for the achievement of strategic objectives and advising on the most appropriate mix of corporate activities.

Candidates for this role, which arises through internal promotion, should be in their early thirties and must be professionally qualified — there is a preference for an M.B.A. or an economist. Qualifications should be *complemented by experience in* marketing, general management or finance. The position is Edinburgh based and the salary will reflect the contribution which the successful applicant will make to the organisation. The *accountability is to the group Managing Director.* A company car is provided and other benefits are substantial.

Brief but comprehensive *career details to:*— G. R. Carter.

Christian Salvesen Limited
50 East Fettes Avenue Edinburgh EH4 1EQ

Investment Assistant

London — **c.£8,500**

The Abbey National Building Society requires an investment assistant for its Pension Fund. This vacancy has arisen as a result of the rapid growth and increased diversification of the Fund's assets.

The main responsibility will be to assist in the management of the portfolio and deputise for the Investment Manager in his absence. The successful candidate will be expected to make an early contribution to the Fund's investment and, at a later date, might assume responsibility for part of the portfolio.

Applicants with degrees should have a minimum of 12 months' investment experience with an institution or stockbroker. Applications from non-graduates with longer periods of experience are also invited.

The commencing salary will be negotiable around £8,500 and fringe benefits include an advantageous staff mortgage, season ticket loan, subsidised staff restaurant and schemes for B.U.P.A. membership.

For an application form please write or ring

Mrs. Rosemary Dibb, Personnel Department,
Abbey National Building Society, U.K. House,
180 Oxford Street, London W1N 0AN.
Tel: 01-486 5555 ext. 3177

Closing date for applications September 17th 1981.

ABBEY NATIONAL BUILDING SOCIETY

Scandinavian Ship Finance

Marketing Officer Position in London

To increase its Ship Finance activities in Scandinavia, The Chase Manhattan Bank, N.A., seeks a marketing officer.

The position to be filled is under the supervision of the Vice President managing the unit. Opportunity for promotion and career development will be in line with the individual's performance and potential.

Candidates should be university graduates, aged between 27 and 34, and fluent in one or more Scandinavian languages, as well as English. They should be self-motivated and possess sound banking and credit skills, acquired over the last four to six years in a credit and marketing position with a major U.S. or European bank.

A highly competitive salary will be supported by a substantial range of benefits.

Please write with background details to: Ms. Rosemary Swift, Personnel Department, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD. Tel: 01-600 6141.

All applications will be treated with strictest confidentiality.

CHASE

DOCUMENTARY CREDITS OPERATIONS

For a leading International Trading Corporation

CITY — **c. £8,000 PLUS BENEFITS**

A *major Japanese Trading Corporation* is currently seeking an experienced person to arrange the issue and Settlement of Documentary Credits. The position involves liaison with City banks *and the Corporation's* commercial Departments. A good all-round financial awareness is required.

If you feel you have the necessary experience gained in banking or commerce, please phone Robert Kimbell on the number below (or 01-622 8847 evenings/weekends).

CHARTERHOUSE APPOINTMENTS 01-481 3188
Europe House, World Trade Centre, London E1
Banking & Stockbroking Divs: 21 Royal Exchange, London EC3 01-623 6083

Creative Accounting

Central London — **c.£11,000**

An established British group with home and overseas interests seeks a young qualified accountant (preferably a graduate) to join its small central team responsible for interpreting group information and advising on all financial aspects of its operations.

This is an exceptional opportunity to gain varied experience in such fields as acquisition appraisal, profitability studies, efficiency reviews, and special reports for board presentation – all for specific purposes with a minimum of routine.

Excellent promotion opportunities will arise through working closely with senior management of all disciplines, both at holding company and subsidiary level.

Contact David Tod, BSc. FCA on 01-405 3499 quoting reference DT/506/MAF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA — *01-405 3499*

INSTITUTIONAL DEALER

Leading research based house require experienced institutional dealer to service direct to our clients.

Write Box A.7614, Financial Times
10 Cannon Street, EC4P 4BY

NURSING APPEAL DIRECTOR

The Royal Surrey School of Nursing Appeal Committee is seeking an honorary appeal director to promote a fund-raising campaign to raise some £800,000 to build a nursing school in Guildford. The former director has retired on leaving the district. This is a voluntary post requiring initiative, integrity and a desire to help the community. Write for details to the Chairman.

ROYAL SURREY SCHOOL OF NURSING APPEAL
St. Luke's Hospital
Guildford GU1 3NT

TECHNOLOGY

EDITED BY ALAN CANE

How to cut the cost of petrol by the litre

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DUNLOP claims to have gained a head start over the rest of the world's tyre manufacturers with a new material to cut motorists' petrol bills.

According to the company, the application of its new compound material to steel radial tyres on a 1.3 BL Metro gave an impressive 5.2 per cent saving in fuel consumption during comprehensive tests carried out at the Motor Industry Research Association test track.

Significant

Across the model range this would offer the average motorist a saving of 9p a gallon at current pump prices, Dunlop estimates.

This could be a significant breakthrough, not only for Dunlop but for the rest of the industry because tyre technology has an important part to play in the search for energy saving.

Four main elements account for the use of the energy delivered by a car's engine and transmission: the weight of the vehicle; frictional losses through the powertrain; the aerodynamic drag of the vehicle and the resistance offered by tyres—the so-called "rolling resistance."

Dunlop reckons that at 75 mph some 21 per cent of a car's power consumption is accounted for by this "rolling resistance," 30 per cent at 55 mph and 60 per cent at 25 mph, indicating that the slower you travel in a car the more important is the part in energy consumption that tyres play.

Of course, the whole point about tyres is that they should grip the road firmly in all kinds of weather conditions.

So far the tyre industry's attempts to reduce rolling resistance without loss of wet grip have necessarily been restricted to changes in tyre profile and construction, Dunlop points out.

Now the company has added a new dimension with a polymer with a special microstructure which reduces rolling resistance yet maintains a high friction level under braking conditions.

Dunlop claims that previously, when marginal improvements in fuel economy have been achieved through changes in the rubber compound used in tyres, this has always been accompanied by a decrease in wet-grip and, therefore, safety standards.

Dunlop's development is the result of 10 years' intensive research into the interaction of tyres and road surfaces and, more recently, a joint technical programme with a major polymer manufacturer.

The polymer producer does not want to be named yet because in due course it will provide samples to other tyre makers and plans its own announcement about the break-through.

Even though its competitors will have access to the polymer technology eventually, Dunlop believes it has a healthy start.

The new material is already in limited production and Dunlop is in the process of presenting new tyres to car manufacturers for evaluation. The compound is suitable for all types of tyres with all types of profiles.

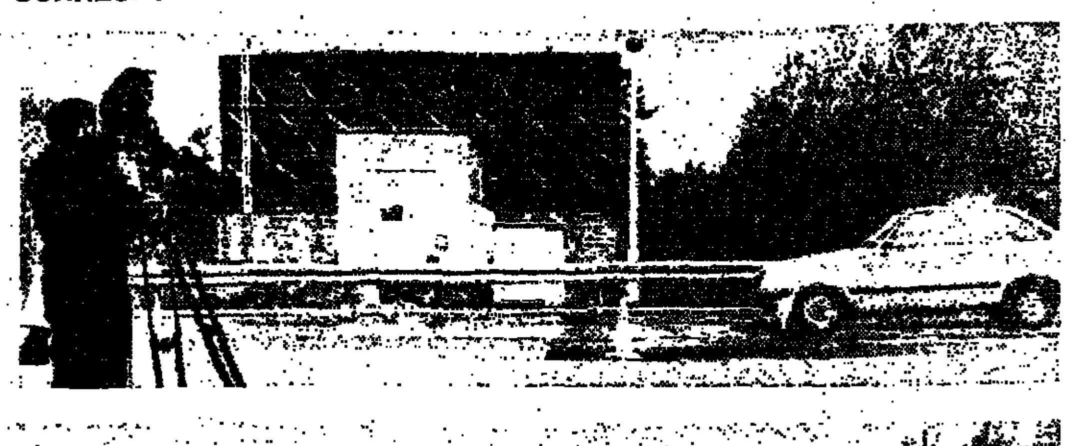
And among the other claims Dunlop makes for the compound is that the "best of both worlds" formula has been achieved with the added benefit of lower running temperatures — which should improve tyre durability, and without any sacrifice to handling or comfort.

And the lower rolling resistance also raises a vehicle's top speed by about 5 per cent.

Underestimated

The only problem seems to be that the new compound makes tyres more expensive, although Dunlop insists the extra cost would be only marginal once the tyres were in volume production.

But this is a problem which should not be underestimated because car makers today are just as concerned to keep down the cost of the components they use as they are in getting better fuel efficiency from their vehicles.



DUNLOP says that its new compound applied to steel radial tyres on a 1.3 Metro provided a 5.2 per cent fuel saving. Across the range this could save the motorist about 9p per gallon. Wet grip difference is illustrated in the above two pictures, using identical cars, one with normal tyres, the one above treated with the Dunlop compound.

Checking cranes alignment

CHECKING the alignment of gantry cranes in large factories is an essential part of servicing and maintenance, for it is estimated that eight out of ten such cranes now operating in Britain are out of alignment because of faulty installation or subsidence of the building.

Misalignment can be dangerous, for, eventually, it can cause the crane to become derailed and even fall to the floor of the factory.

A full micro-precision laser levelling service is now offered as a standard part of the Lloyds British "Crane Care" service to industry. It is claimed that apart from being more accurate than conventional checking methods it reduces the time required to check the level of a gantry by more than 70 per cent.

The new laser equipment employed by Lloyds British is claimed to check alignment to an accuracy better than 1-16th inch over a 100 feet gantry run. It will also do so over almost any distance in pitch darkness.

The equipment, powered by a fully portable 12V spill-proof battery, comprises a laser level unit operating in conjunction with a staff fitted with a built-in beam detector. This emits an audible signal immediately it is locked on to the beam.

When placed on a flat, rigid surface the laser unit is automatically self-levelling. When it is precisely level it emits a beam which rotates continuously through 360 degrees to provide a perfectly horizontal plane. The beam-sensitive staff may then be used at any point along the gantry to check the elevation.

In one recent application, says Lloyds British, the laser was used to survey a 400 feet gantry crane in a very poorly lit workshop. With conventional equipment the time estimated for the job was seven hours. Using the laser it was completed in two hours. Lloyd British Testing is on 021 308 7101.

.. POINTERS ..

Recognition for the Japanese

AN ELECTRONIC system claimed to be capable of "hearing" Japanese words and then printing them out through a word processor has been developed by Nippon Electric.

Named the Voice Recognition System SR200, it is said to recognise 68 different Japanese syllabic sounds and also convert Japanese into other languages when linked to an electronic translator.

Electronic voice recognition is being intensively studied by a number of computer companies, but variations in individual utterances make the problem a difficult one.

The Japanese language has a phonetic alphabet called Kana, and when written or printed uses thousands of characters mainly of Chinese origin—although Chinese is as different from Japanese as English is from Finnish. And compared with English, spoken Japanese has relatively few syllabic sounds.

The Nippon Electric system will be marketed in Japan from October 20 and is expected to sell for about $15,000, but it will still need several modifications before it can be considered suitable for export.

To operate the system the user first has to register his or her voice on to a magnetic tape. Once the instrument recognises his individual speech pattern and intonation the user must speak at slightly less than the normal conversational speed, pausing after each syllable.

Nippon Electric claims that the system will function efficiently regardless of dialect and the sex (voice pitch) of the speaker. The SR200 unit measures 450 mm wide, 250 mm high and 319 mm from front to back.

Plasma techniques

THE National Research Development Corporation, now part of the new British Technology Group, is to undertake a joint venture with Plasma-Therm whereby they will share the costs of a two-year programme to develop advanced process control equipment for sale to European manufacturers of semi-conductor devices.

This equipment will be based on radio-frequency plasma chemistry techniques, which are claimed to offer advantages over the conventional wet chemical methods used in the production of semi-conductors.

The total cost of the joint venture is estimated at £170,000, divided equally between the NRDC and Plasma-Therm. There is an arrangement for the NRDC to recover its investment by a sales levy on relevant products derived from the development programe.

The project has two main objectives. First, a microprocessor-based monitoring system will be developed to give manufacturers more precise control in dry-etching procedures based on radio-frequency plasmas by using optical emission spectroscopy.

Second, a new power unit will be developed to complement Plasma-Therm's present range of radio-frequency generators and so make it possible to improve the adhesion of the plasma-deposited passivation layers which protect the micro-chip circuits. More from Plasma-Therm on 01-778 6798.

Asbestos dust

REMOVING asbestos dust has been a growing problem in industry. The Trend Machinery Group at Watford claims that its mobile cutting equipment set which simultaneously saws and removes the dust might be the answer.

The set consists of a heavy duty Elu ripsaw of 1,600 rating which is fitted with an extractor hood and dust extractor unit. It is offered by Trend (Watford 49911) at £450.

Ozone may be the answer

OZONE is now being examined as a preferable alternative to chlorine in the treatment of drinking water, says British Brown-Boveri (a Swiss based engineering group) which has launched a range of industrial ozonisers for large scale production of the gas.

A kilogramme of ozone can treat up to a thousand cubic metres of water, disinfecting it, improving taste and smell, and oxidising organic substances in the water.

The company says that more than a thousand such water treatment plants exist in Europe, and its own automated units produce ozone by a "silent electrical discharge" process, offering a range of plant with ratings up to 450 kW.

Production on an industrial scale involves the use of a controlled electrical discharge with automatic control to effect a continuous output of the gas.

Tudor bowmen were tall and strong

MATERIALS testing techniques are being used by scientists working for the Mary Rose Trust to assess the draw power of 16th-century longbows recovered from the wreck of the Tudor warship Mary Rose, which sank in Portsmouth Harbour in 1545.

Comparison with modern bows and the initial test results indicate that the original draw strength of the bows could have exceeded 100 lb.

Using an Instron 1185 testing machine, scientists from Imperial College University, London, carried out a series of tests on samples of yew wood cut from one of the better preserved bows. Although the sapwood had disappeared after 436 years under water, the heartwood was found to be in perfect condition.

The main purposes of the tests was to assess the remaining elastic properties of the wood. By combining test data with the thickness of the bow's profile and shape the scientists can estimate the draw strength.

The bows were made from close-grained yew, probably imported from Spain or Italy, because of its scarcity in England at that time.

Although the tests are not complete they indicate that Tudor bowmen must have been exceptionally tall and muscular even by modern standards. All the bows so far recovered from the ship are between 1.84 metres and 2.06 metres long, suggesting that the archers must have been well over 6 ft tall to use them effectively.

LOMBARD

Europe's shaky foundations

BY JONATHAN CARR

WHAT WOULD you say had been the news item this summer with the most worrying implications for the security of the Western World? I know the question is a tough one, both because the choice is embarrassingly rich and because even the most dramatic news tends to lose its impact for those basking on a beach in the sun. That said, I would give first prize to the latest report on the economic outlook this year and next, issued by the Paris-based Organisation for Economic Co-operation and Development.

Worst hit

Just in case you missed it, I should mention that the report forsees the number of those without work in the OECD countries rising to 26.25m in the second half of 1982—17 per cent more than two years earlier. Europe is likely to be worst hit, with an increase in unemployment of more than one quarter to at least 9.25 per cent of the labour force. That is 15m people out of a job compared with 11.6m last year. The youth unemployment rate in France, Britain and Italy could be over 20 per cent and the average duration of spells out of work will be longer than it used to be.

You may say that this is all deplorable—but what does it have to do with security? Part of the answer is that these unemployment figures mean a mounting and crushing financial burden on all European countries, even West Germany which is probably the least unsound economically. It is unlikely that defence budgets in Europe can even be maintained in real terms, let alone increased by the Nato aim of 3 per cent annually (in itself an absurdity, I agree), if the burden from the jobless continues to grow.

I know that France is at present promising a very marked real increase in defence spending, accompanied by bigger public sector borrowing and "job creation" programmes. You do not have to be the hardest of sceptics to fear that this calculation will come unstuck.

That is the strictly financial, and fairly obvious, part of the answer. But security is more than defence budgets, real rates of increase in spending, Neutron warheads, Pershing missiles and the rest of that military jargon which well-informed civilians are now expected to have on the tips of their tongues. Security has just as much to do with the internal stability of nations determined to keep up their guard against an external threat.

That in turn is linked to the underlying belief that the system one may be called upon to defend is, indeed, worth-defending. We have often, and I think rightly, seen this as one of the main problems for the Soviet Union with its Eastern European satellites—whatever numerical tank superiority the Warsaw Pact may have over Nato. But we should not blind ourselves to the fact that every extra unemployed person in the West is a challenge to our system—and a potential ally to those who wish to change it.

I do not know — and I rather imagine that no one knows—at what level of unemployment free and democratic societies disintegrate. Some would argue that there are danger signs in Britain, where nearly 3m people are without a job. Is the tolerance level in France as high as it is in Britain? Will the Italians famous "flexibility" sustain them indefinitely?

Part of the reason for this plight is that European Governments have pursued the wrong policies (although given the remarkable range of economic strategy in Europe at present someone, somewhere must be doing something right). Another part, no doubt, is that even with the right policies other people in the world can do things better and cheaper than we can.

Strategy

But one part is also that our friend, ally and best hope The United States of America is gradually choking us with a high-interest rate strategy which it thinks is best tailored to its own anti-inflationary needs. The U.S. is obviously the best judge of what is good for it domestically. But what shall it profit President Reagan to go into negotiations with the Russians from a position of military superiority, when his allies in Europe are either rebellious or strangled?

Common sense is gaining ground

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THERE IS a type of person who enjoys the beauty of logical constructions. In the Middle Ages such people would spend much time in disputations about the number of angels that can be accommodated on the point of a needle. In present times they turn their mind to mathematics or law. For all I know they may be an asset for mathematics, but, as has been pointed out in this column in the past, this abstract logic, when let loose in the law courts, can result in judgments which make no business sense. Such judgments leave businessmen at a loss as to what to do next. Law can be treated as an abstract art, but justice can be achieved only when life's realities are taken into account.

The best judges have always opposed an elusive search for certainty based on the rigid application of rules and precedents. A series of judgments reported recently indicate that these judges are now getting the upper hand. Several decisions criticised in the business community and in this column have now been reversed in higher courts.

One problem created for traders by court decisions concerns state trading countries which abandon their contracts. Such behaviour was assured of free pardon by the House of Lords decision in C. Czarnikow v. Rolimpex, the dangerous consequences of which were pointed out in this column on July 13, 1978. The judgment admitted as force majeure Polish Government's intervention to frustrate sugar contracts concluded with a number of western traders by its own export organisation. It was felt that after this judgment even the most carefully drafted contracts could not avoid being nullified by a later decree of a state trading country.

The next, equally dangerous, judgment concerned arbitration between the Cuban sugar export corporation and a Chilean importer. After the fall of Dr Allende, Cuba recalled two ships taking sugar to Chile under contracts previously made. In a judgment reported in May 1980, Mr Justice Mustill held that a commercial contract which would not have been concluded if friendly relations had not existed between the exporting and importing countries, was frustrated when the regime of one was replaced by another, of which the other country disapproved.

The same events led to two judgments by Mr Justice Robert Goff which refused the arrest of a ship, holding in favour of Cuba that it was the owner of the ship and entitled to sovereign immunity in the English courts. These two judgments have now been reversed by the House of Lords*. It was held that Cuba was not entitled to claim sovereign immunity and could be sued for breach of contract and tort. Under the now adopted restrictive theory, sovereign immunity is not granted in respect of commercial activities of a foreign state. Lord Wilberforce said "it was precisely to protect private traders against politically inspired breaches, or wrongs, that the restrictive theory allowed states to be brought before a municipal court."

This is a most satisfying ruling; one would only wish that the House of Lords make it clear that a macro-economic decision of the type which inspired the Polish Government to cancel its sugar contracts with Czarnikow and others also falls in the category of "political inspiration."

A different problem which often crops up in trade with developing countries — particularly some of the rich developing countries—is created by the on-demand performance bonds. So far, English courts treated such performance bonds as an unconditional obligation of the bank: the money had to be handed over to the buyer on demand and no questions asked. Most European courts take the same attitude but recently the French courts prohibited a bank† from paying because the supplier did not receive any money for his goods. This was a reasonable decision. An on-demand bond is, in fact, a reduction in the price of the goods, but a discount makes sense only on the assumption that the bill is paid. The English courts have also moved a little towards a more flexible attitude. In a case‡ reported here on July 30, Lord Denning implied that payment under the bond could be stopped if there was evidence of bad faith on the part of the buyer.

A pedantic logic can make nonsense of almost any contract. In a note entitled Uncertain Certainty, Dr F. A. Mann, writes in The Law Quarterly Review (Vol. 97, p 379) that there are many in the City and in the professions who seem to subscribe to the comments made in this column on February 26 1981 on the Chikuma decision of the House of Lords. Reversing Lord Denning, the Lords restored the judgment of Mr Justice Robert Goff that money paid under a charterparty was not paid in time when the receiving bank credited interest with a delay of four days. This decision disapproved of the view taken by Mr Cedric Barclay, a leading marine arbitrator.

The House of Lords decision may cause sleepless nights to many. After all, it is difficult to know what agreements exist between the beneficiary and his bank. If he kept an account with a Swiss bank instead of an Italian, as in the Chikuma case, he might not receive any interest and may even be asked by the bank to pay negative interest on his deposits.

A pedantic logic can make nonsense of almost any contract

Fortunately there is hope that there will be fewer occasions for the courts to reverse sensible awards of arbitrators. By a judgment§ reported here on July 23, the House of Lords put an end to the Commercial Court's revolt against Lord Denning's guidelines for judges exercising their discretion to give or refuse leave to appeal from an award by a commercial arbitrator.

The Commercial Court judges have a very good reason for wishing to ensure a steady flow of appeals from arbitrators: without them the courts could not develop commercial law as they do. But, as Lord Diplock said, "... a superabundance of citable judicial decisions arising out of slightly different facts was calculated to hinder rather than promote clarity in settled principles of commercial law." He also said that if the differences of opinion between judges called on to exercise discretion to grant leave to appeal were permitted to continue, "they might well endanger the maintenance of the reputation of London arbitration as a forum for the resolution of commercial disputes." And so he came down firmly on the side of Lord Denning. He said that there were several indications that in the Arbitration Act 1979 Parliament favoured finality of arbitral awards rather than meticulous legal accuracy.

Let us hope that Lord Diplock's judgment will be applied according to its spirit and will protect sensible awards by London arbitrators against the uncertainty of logical games in court.

*I Congreso del Partido, TLL 18.7.81.
†Banque francaise du Commerce exterieur Societa Caillette et Dony et autres 1981/JCP 13552.
‡State Trading Corporation of India v. E.D. and F. Man (Sugar) Ltd.
§Pioneer Shipping Ltd. and Another v. BTP Tioxide.

York challenges two-year-olds

RACING

BY DOMINIC WIGAN

A NUMBER of highly promising two-year-olds can be seen in action at York today where the £12,000 added Playboy Bookmaker's Sprint is followed by the Stransell Stakes in which Star Pastures bids for another course victory.

An interesting card has been further boosted by the presence of that still under-rated and potentially top-class stayer, Tomaschek, who goes for his fifth consecutive victory in the Rufforth Handicap.

Star Pastures—out of the first three only once in a remarkable career which has seen her win four of her 12 races and finish runner-up on five occasions—could hardly have been more impressive when brushing aside Tolmi with a deadly final flourish in Goodwood's American Express Royal Wedding Day Stakes.

However, she failed to show that same sparkle in the Hungerford Stakes at Newbury. There, she found Dalsaan carrying too many guns in the closing stages. It may be that she is, at last beginning to show the effects of a busy campaign.

Although she may well justify market position she is not one I would care to support at prohibitive odds.

A better bet is probably Seasurf each way. Lady Beaverbrook's good-looking Seaepic filly tackles Vocalist here on 10 lbs better terms than when they were recently separated by three-quarters of a length in Kempton's one-mile Atalanta Stakes in which Doobie Do was the same distance behind Seasurf in third place. The selection—a winner over seven furlongs on her debut—will be admirably suited by this return to that trip.

Mr Charles St George, who so shrewdly moved in for Ardross following the death of the late Paddy Prendergast, could, conceivably, have an able successor to the great stayer developing in the Secretariat colt, Tomaschek.

It will surprise me if he fails to defy a 3 lb penalty in the Rufforth.

Half an hour earlier, another under-rated colt from Newmarket, Master Boatman, is a reasonably confident choice for the Sancton Stakes.

YORK SELECTIONS

2.30—Bold Scuffle
3.00—Seasurf***
4.00—Master Boatman*
4.30—Tomaschek**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.55 The Wombles. 10.00 Jackanory. 10.15 Sports All Rounder of the Year. 10.40-11.00 Take Hart. 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Chigley. 3.50 The Skill of Lip-reading. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Scooby Doo. 5.05 John Craven's Newsround. 5.10 The Swish of the Curtain.
5.40 News.
5.50 Nationwide (London and South East only).
6.20 MacLeod in Japan.
6.45 Looking Good, Feeling Fit.
7.15 Top of the Pops.
7.55 Blankety Blank.
8.30 It Ain't Half Hot Mum.
9.00 News.
9.25 The Four Seasons.
10.05 Chance of a Lifetime.
11.20 Spike Milligan.
11.50-11.55 News Headlines.

All Regions as BBC 1 except as follows:

CYMRU/WALES — 5.55 pm Wales Today. 6.20 Looking Good, Feeling Great. 6.50-7.15 Heddiw. 11.50 News Headlines, News and Weather for Wales.

SCOTLAND—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News Headlines, News and Weather for Scotland.

NORTHERN IRELAND—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
4.50 pm Open University.
6.55 F.A.C.T.S.
7.20 One Hundred Great Paintings.
7.30 Many Moons.
7.45 News Summary.
7.50 Peter Ustinov before an audience at the National Film Theatre.
8.30 Fame.
9.00 Folk.
9.30 "Mourning Becomes Electra."
10.25 Cantilena.
10.55 Newsnight.
†11.40 Laurel and Hardy in: "Perfect Day."

LONDON

9.30 am World Famous Fairy Tales. 9.40 Cities. 10.30 The Last of Summer. 11.20 A Big Country. 11.50 Barney Google and Snuffy Smith. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Here Today. 2.25 Racing from York. 3.10 Golf: European Open Championship. 4.15 Silvester. 4.20 Survival. 4.50 Sierra.
5.45 News.
6.00 Thames News.
6.30 WKRP—In Cincinnati.
7.00 Winner Takes All.
7.30 "The Eagle has Landed," starring Michael Caine and Donald Sutherland.
9.45 TV Eye.
10.15 News.
10.45 Secrets of Midland Heights.
11.40 Take Six.
12.10 am What the Papers Say.
12.25 Close: "Sit up and Listen," Terry Duffy.

All IBA Regions as London expect at the following times:—

ANGLIA

9.25 am Sesame Street. 10.25 Welcome to the Ceilidh. 10.50 Joe 90. 11.20 Alphabet: The Story of Writing. 11.45 Wattoo Wattoo. 1.20 pm Anglia News. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 6.00 About Anglia. 6.35 Crossroads. 7.00 Sale of the Century. 10.45 Folio. 11.15 Me And My Camera. 11.45 Anglia Late News. 11.50 Music at Harewood. 12.20 am The Living World.

ATV

9.30 am Larry the Lamb in Toytown. 9.45 The Lost Islands. 10.10 Cities. 11.00 Sesame Street. 1.20 pm ATV News. 4.20 The ATV Thursday Picture Show: "The Magnificent Magical Magnet of Santa Mesa" 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 10.45 England Their England. 11.45 Me And My Camera. 12.15 am ATV News.

BORDER

9.30 am Tarzan. 10.20 World We Live In. 10.45 Stingray. 11.10 Little House on the Prairie. 1.20 pm Border News 4.20 Vicky the Viking. 4.45 Project UFO. 6.00 Lookaround Thursday. 6.35 Crossroads. 10.45 The Jazz Series, with the Ronnie Scott Quartet. 11.15 Me And My Camera. 11.45 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 4.20 Kum Kum. 6.00 Channel Report. 6.10 The Beatles. 6.35 Crossroads. 10.43 Channel Late News. 10.50 Unforgettable. 11.20 Me And My Camera. 11.50 News and weather in French.

GRAMPIAN

9.40 am First Thing. 9.45 Pavilion Folk. 10.10 The Amazing Years of Cinema. 10.40 A Big Country. 11.10 The Adventures of Niko. 11.35 Stingray. 1.20 pm North News. 4.20 Little House on the Prairie. 5.10 Police News. 5.15 Survival. 6.00 Summer at Six. 6.35 Crossroads. 10.45 Soap. 11.15 Me And My Camera. 11.45 Dolly. 12.15 am North Headlines.

GRANADA

9.30 am The Bubblies. 9.35 The World We Live In. 10.00 Animal Locomotion. 10.15 Laurel and Hardy. 10.35 The Lost Islands. 11.00 Sesame Street. 1.20 pm Granada Reports. 4.20 The Further Adventures of Oliver Twist. 4.50 Little House on the Prairie. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 10.45 The Jim Davidson Show. 11.15 Me And My Camera. 11.45 What The Papers Say. 12.05 am George Hamilton IV.

HTV

9.50 am Thunderbirds. †10.40 "Earth v The Flying Saucers." 1.20 pm HTV News. 4.20 Project U.F.O. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 David Bryant . . . World Champion. 10.43 HTV News. 10.45 George and Mildred. 11.15 Me And My Camera.

HTV Cymru/Wales—As HTV West except:—12.0-12.10 pm Cei Cocos. 4.20 The Adventures of Black Beauty. 4.45 Ser. 5.15-5.20 Twenty Pje. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.45 Consett—After the Blast. 11.30-12.00 Me And My Camera.

SCOTTISH

9.55 am Simon in the Land of Chalk Drawings. 10.00 Bygones. 10.25 How The West Was Won. 1.20 pm News Headlines and Road Report. 4.20 Little House on the Prairie. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Give Us A Clue. 7.00 Now You See It. 10.45 Soap. 11.15 Danger UXB. 12.15 am Late Call.

SOUTHERN

9.35 am Wild, Wild World of Animals. 10.00 Freetime. 10.25 Fangface. 10.50 Survival. 11.15 Bailey's Bird. 11.45 Larry the Lamb. 1.20 pm Southern News. 4.20 Beachcombers. 4.45 The Flying Kiwi. 5.15 Paramount Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Happy Days. 10.45 End of Part One. 11.15 Me And My Camera. 11.45 What The Papers Say.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Free Time. †10.00 Morning Movie: "Yangtse Incident" starring Richard Todd. 11.50 The Undersea Adventures of Captain Nemo. 1.20 pm North East News and Lookaround. 4.20 Herculoids. 4.45 Palmerstown USA. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.45 North East News. 10.47 Double Top. 11.15 Police Surgeon. 11.45 Country Rhapsody. 12.00 Family Business.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 4.20 The Further Adventures of Oliver Twist. 4.50 The Flying Kiwi. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.20 Police Six. 6.30 Happy Days. 10.44 Ulster weather. 10.45 Soap. 11.15 Me And My Camera. 11.45 Bedtime.

WESTWARD

9.25 am Imperial City. 10.10 Thunderbirds. 11.00 Young Ramsay. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 Kum Kum. 6.00 Westward Diary. 6.35 Crossroads. 10.47 Westward Late News. 10.50 Unforgettable. 11.20 Me And My Camera. 11.50 Faith for Life. 11.55 West Country weather and shipping forecast.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Spread Your Wings. 10.05 Bailey's Bird. †10.30 "Mr Drake's Duck" starring Douglas Fairbanks Jr. and Yolande Donlan. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 4.20 Jason of Star Command. 4.45 Palmerstown. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 10.45 Past Masters. 11.15 Me And My Camera. 11.45 A New Kind of Family.

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 7.00 Paul Gambaccini with an appreciation of Chuck Berry. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Jean Challis (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Don Durbridge with Much More Music (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 Punch Line. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight from The Edinburgh Festival. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Tchaikovsky (S). 10.00 Northern University Concert (S). 11.40 Stravinsky and Schumann chamber music recital (S). 12.20 pm Bournemouth Sinfonietta Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.50 The Bravura Flute (S). 2.30 "Die Burgschaft" (The Pledge), opera in a prologue and three acts by Kurt Weill (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Let The Peoples Sing (S). 7.30 Proms 81 (part 1): Mozart, Delius (S). 8.25 So My Particular Friend. 8.45 Proms (part 2): Brahms (S). 9.35 The Vision of Piers Plowman by William Langland (S). 10.05 Words. 10.10 Matter Permitted play by Nick Dear (S). 11.00 News. 11.05-11.15 Medtner (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-1.15 am

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.45 Love Among the Butterflies. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 A Good Read. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within (S). 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Home Base. 4.15 A Change of Course. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News including Financial Report. 6.30 Frank Muir Goes Into . . . History (S). 6.55 It's a Bargain 7.00 News. 7.05 The Archers. 7.20 Time for Verse (S). 7.30 Proms (as Radio 3) (S). 8.25 On Rising Before Day (Frank Delaney makes a literary pilgrimage to Italy). 8.45 Proms (as Radio 3) (S). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Excellency (the role of the Lieutenant Governor of Jersey). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 MMM . . . Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

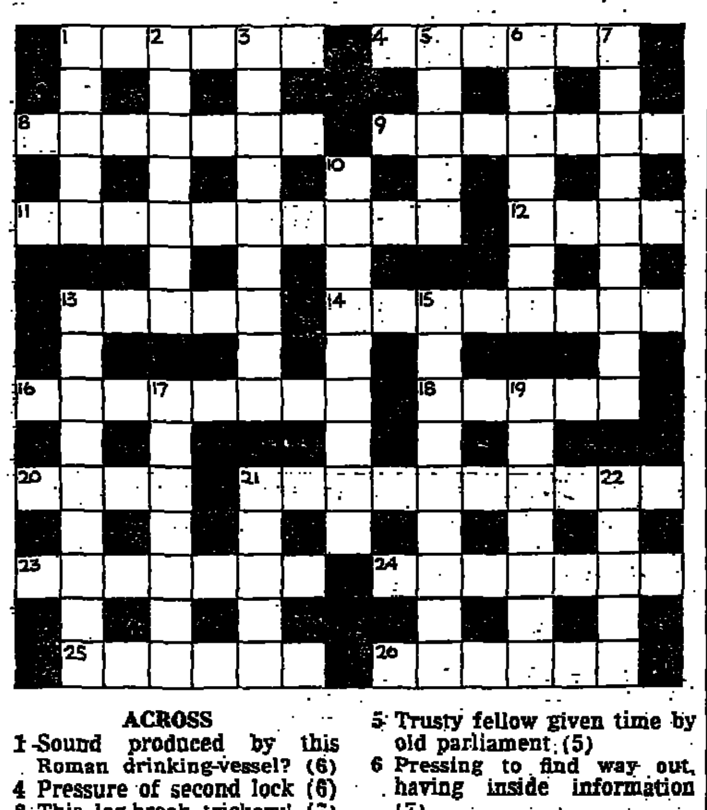
London Broadcasting

5.00 am AM—Douglas Moffit and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen continued. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young (rock music). 10.30 John Sach's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,662



ACROSS
1 Sound produced by this Roman drinking-vessel? (6)
4 Pressure of second lock (6)
8 This leg-break trickery! (7)
9 Strange, universal content of bric-a-brac (7)
11 Carrier at sea? (6-4)
12 Response from the chorus line (4)
13 Leave Jack to take a place (5)
14 Generally it is choosing, even with a second start (8)
16 Quality of all land inheritors? (8)
18 Fat porter (5)
20 These days, it follows an opening of mine (4)
21 Dismal instruction from wet links helps to keep the nineteenth dry (4-6)
23 Artist's impression? (7)
24 Overcoat for a sickly-looking child (7)
25 Guard despatched by rail (6)
26 Part of the earth in depression? (6)

DOWN
1 What's all this then?—play without books? (5)
2 Top of cold-chisel perhaps—or worn-out saws (7)
3 Leading-lady of the cinema? (9)
5 Trusty fellow given time by old parliament (5)
6 Pressing to find way out, having inside information (7)
7 Thus, derelict hut left in Lancashire resort (9)
10 Unusual heroes met the musketeers, for example (9)
13 Narrations from "Private Lives"? (9)
15 Professorial sinecure for the lounge (4-5)
17 It holds the range of what we know about scabies (7)
19 Wealthy characters of Noel, put into play (7)
21 Split currency? (5)
22 River-trip on Sunday (5)

Solution to Puzzle No 4,661

SARABAND ABSORB
T E A O U R E
REDISTIL FLYING
I U I S C L G I
FACECLOTH YEARN
E E M A B N N
IDLE PRESUME
S S R E M R
CONTOUR LIFT
A E P E A T T
BRASS LIMESTONE
B K C Y B P H R
APEDOM RADIATOR
R R N S N O D
DUSTER STREAMER

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Lucerne Festival

A revival of Enescu

by ANDREW CLARKE

The anniversary industry thrives. At its best, as at this year's Lucerne Festival, it provokes a rediscovery of neglected music, leading to a re-evaluatiton of a composer's reputation. At its worst, it amounts to a token package of performances of works that are already in the repertoire of any self-respecting ensemble. Too many tributes to Bartok this year have fallen into the latter category. Lucerne's centenary homage to Enescu, however, belongs to the former.

Even without the stimulus of intelligent programming, Lucerne would score highly for its graceful surroundings and the flood of big names it can afford. This year saw Karajan, Solti, Maazel, Barenboim, Ashkenazy, Rostropovich, Pollini and plenty more, with a clutch of the world's leading orchestras besides.

Musicians closely associated with past festivals were equally prominent with their own landmarks to celebrate. The Lucerne Festival Strings reached their 25th anniversary and Paul Sacher's 75th birthday was marked by a concert in which he conducted Bartok's *Divertimento*, a work commissioned by Sacher for his Basel Chamber Orchestra in 1939.

Mainstream Bartok was also well represented in the concerts of visiting orchestras, leaving the resident band, the Swiss Festival Orchestra, to explore the youthful and explosive Kossuth—the best tone-poem Strauss never wrote—and the complex, mature Cantata Profana, in a performance spoilt by inadequate singing from choir and soloists.

But the real discoveries came with Enescu. Since he died in 1955, the burden of keeping Enescu's music alive has passed increasingly to musicians from his native Romania, and even in his lifetime, his composition fell in the shadow of his talents as a practising musician. He first achieved international fame as a virtuosos violinist, and later became a respectable conductor. The success and devotion of his pupils—Yehudi Menuhin and Arthur Grimiaux among them—are testimony to his teaching.

The performances of his own music at Lucerne confirm him as a late Romantic, a characteristic out of fashion for most of his mature life. But the Octet of 1900—when Enescu was a mere 19—shows the dangers of making such quick judgments. Instead of following a straightforward double string quartet structure, Enescu treats the parts orchestrally, achieving maximum harmonic and rhythmic impact.

For the Lucerne Festival Strings' opening concert this year, Rudolf Baumgartner augmented the violin parts of the piece and added a double bass, making an attractive newcomer to the string orchestra repertoire. The expanded version highlights the music's appealing lyricism without compromising the clarity or energy of the original.

Another thread to Enescu's music is its roots in Romanian folklore — making much of it difficult to export. The two Romanian Rhapsodies have fared better than most, largely because they are short and immediate. One of the Swiss Festival Orchestra's programmes featured the second, emphasising the composer's economical use of the orchestra and his debt to Liszt. The Sonata No. 3 for violin, written 25 years later, also acknowledges a large debt to folk tunes, though in a more developed and forward-looking form, and with considerable technical demands attached. It was vividly brought to life in a recital by the young Romanian, Eugene Sarbu.

The main interest, however, centred on the concert performance of his only opera. Enescu described *Oedipe* as the work most dear to him — not surprising considering he lived with it for 17 years before it was finally completed in 1933. Premiered in Paris three years later, it was set to a libretto in French by the Swiss poet Edmond Fleg, based on the Greek tragedy. *Oedipe* is conceived on a grand scale, and voices Enescu's ideal of the man who rides the storms of fate by his own wisdom and goodness.

The four episodes taken from Oedipus's life have great potential for the stage, but there remain several inbuilt weaknesses in the dramatic structure of the work. The large time-gap between the setting of each act means too many background events are taken for granted, and all the characters, apart from Oedipe himself, are sketchy. Problems are compounded by the preponderance of bass voices, which, with the declamatory style of vocal writing, makes the going heavy.

The treatment of chorus and orchestra is a different matter. There is a chamber-music quality to the intimate scenes, where the wind writing takes on an almost oriental air. References to French impressionism are also evident, and most noticeable of all is the polyphonic treatment of the chorus, and the ability to mould stunning crescendos without relying on brass as the prime factor in the orchestral texture.

The Lucerne performance on August 25 was only a half-staged version in the Kunsthaus. Its concert hall is so limited in space and acoustics that, even when given by Romanian forces under the experienced hand of Mihai Brediceanu, the performance was bound to be an unhappy compromise.

The real drama came through only in scenes of striking musical impact—the oboe melodies and rich choral harmonies evoking rural peace, the great climaxes at the end of Acts II and III suggestive of power and destiny. The static nature of the production made heavy demands on the soloists, and many of their gestures, and even some of their singing, had a lifeless quality.

Despite these limitations, the performance made a strong impression, helped by the excellence of the Romanian National Philharmonic Chorus and the characterisation of Attila Kovacs in the title role.

In the absence of any suitable alternative venue, the problems of performing opera at the festival seem certain to continue. Meanwhile, next year's plans, based on the theme of England, look exciting.

Enoch for Cheltenham

Enoch Powell takes a rest from politics in October to visit Cheltenham and talk to a festival audience about George Borrow, one of his favourite authors.

He is one of the stars of the Cheltenham Literature Festival (October 11-18). Poet, novelist and critic John Wain is to deliver the Cheltenham Lecture, one of the few formal events in what is otherwise a free and easy week.

Director Alan Hancox, a local bookseller running his second festival (his last, he says—"Two is enough") is enthusiastic about the poetry content this year—an evening with Merseyside poets Adrian Henri, Brian Patten and Roger McGough, and a Saturday "poetry marathon" in the Town Hall from 11 am to midnight which offers readings by Laurie Lee, Christoper Logue and Elizabeth Smart, plus a lot of lesser-known poets, with licensed bar and cafeteria to bridge the gaps between the verse.

American television grows up

by FRANK LIPSIUS

With eight new series announced for its autumn season, the ABC television network in the U.S. is determined to balance a schedule once dominated by teen-oriented programmes with an appeal to an entirely different audience, and one at the opposite end of the demographic spectrum.

The new shows, according to the network's vice-president and senior executive for prime time development, Jonathan Axelrod, "are less kiddish. Even established shows are going through lots of changes." *Mork and Mindy*, for instance, will move from Colorado to Ork, where, after marrying Mindy, Mork will give birth to an egg that, in Ork fashion, will hatch and grow progressively younger. An effort is being made to recruit Jonathan Winters for the new child.

In being less kiddish, the network is decidedly tailoring its schedule to new demographic developments, which are assumed to be changing attitudes as well. "The country is getting a little more conservative as it gets older," says Axelrod, who himself looks barely 35. "The process has been going on for 10 years, and will continue, but just how conservative is hard to evaluate. Opinion varies."

Somewhat worrying to the networks is the effect of conservative groups boycotting products being advertised on offending shows. Axelrod insists that ABC cannot be coerced, even by the blandishments of economic blackmail, though the chairman of Proctor and Gamble, the country's biggest advertiser with an annual advertising budget of half-a-billion dollars, admitted that the company routinely withdraws advertising from shows exhibiting "gratuitous sex, violence and profanity."

For a network once associated with the loose morals and sexy looks of *Welcome Back Kotter* and *Charley's Angels*, ABC will need no coercion with its new lineup of law-and-order and family-oriented series. Robert Stack, an old hand at fighting television villains, will take on a new crew of contemporary dangerous criminals in *Strike Force*, while Mike Connors stars in *Today's FBI*, dramatising cases in the agency's files.

The Fall Guy provides variation on the theme with Lee Majors playing a stunt man who spends his free time chasing bail-jumping criminals in order to be paid a bounty. The show will balance the vigilante chases with cameo appearances by major Hollywood stars in the film-making stunt scenes.

Family drama comes in the form of *Open All Night*, a show about a grocer "whom the American dream passed over," according to Axelrod, and *King's Crossing*, meant to be the delicate treatment of the normal American family with two teenage daughters.

While these shows probably represent the greatest contrast to the Fonzie image ABC garnered in the past, Axelrod also has high hopes for the family comedy, *Maggie*, in which columnist and author Erma Bombeck will present suburban housewives' dilemmas in a lighthearted vein.

Rounding out the new schedule are *Code Red*, an adventure series about firemen (but not many fires because people find them "too scary" according to Axelrod) and *Best of the West*, a western comedy featuring Joel Higgins as the offbeat sheriff of a lawless western town.

Lest ABC be forced into a severe identity crisis all at once, it does have as returning series *Happy Days*, *Laverne and Shirley*, *Three's Company*, *Hart to Hart*, *Barney Miller*, *Taxi*, *Benson*, *Love Boat* and *Fantasy Island*. The schedule can accommodate so many old shows with the new because the network is cutting back its prime-time film nights from two a week to one. Fridays will now be filled with series "in order to build watcher loyalty" says Axelrod. "Films may attract viewers but only series get them back week after week."

He denied that the network was being hurt by competition from pay TV and cable operations, which now cover the country's major cities and play films before they reach the networks. Pay TV is available in only 13 per cent of the cities that the Neilson ratings cover, but in those cities the networks have lost 40 per cent of their audiences for prime-time films.

The networks can still deny the intrusion of other forms of television on their once-secure monopoly, but they now certainly have an extra incentive to develop their unique form of serial entertainment, despite the hundred million dollars or so each season costs in production investment.

Heavy as the investment is, the networks would have preferred to spend the money than wait for an end to the actors' and directors' strike. Though the new season has been announced, it is not yet being filmed and the season cannot begin on time in mid-September. Despite the threat of a long strike over the ticklish question of compensating actors and directors for use of their work in new media like video cassettes and pay tv, the networks made few contingency plans, partly because they have little recourse but to play reruns till the strike is over.

Trying to appeal to an older audience may be new to the networks, but it has been a staple of the Public Broadcasting System since it was originally conceived as the American answer to the BBC. For many years its programming consisted largely of BBC imports, which admittedly cost about a tenth of what the network would have had to pay to produce its own shows.

PBS now has plans for an ambitious 25-week schedule of dramas collectively called *Playhouse*. The network is reacting to the almost simultaneous double blow of being deprived of the once generous support of the Ford Foundation (which is moving away from cultural events to social responsibility) and losing its BBC programmes (for which a private cable network started by the Rockefellers has bought first American rights).

David M. Davis, who headed the Ford Foundation's Office of Communications for almost ten years, has come over to help PBS out of its predicament through a clever pastiche of old, new, and still-to-be-devised dramas enjoying an umbrella identity, common funding and a new co-ordination that make a virtue of necessity.

Budgeted at a modest $15m, the first 25 shows quadruple the public network's drama programming. It will include the seven-part BBC co-production of *Oppenheimer* which ran last year in Britain and stars Sam Waterston. Original television work will come from short-story writer John Cheever and novelist Kurt Vonnegut Jnr, as well as Broadway productions like *For Coloured Girls Who Have Considered Suicide/When the Rainbow is Enuf* and Stephen Schwartz's *Working*, a musical that enjoyed more success in regional productions than on Broadway.

Playhouse is trying to appeal to as broad a public as possible in order to gain the support of the whole PBS network in advance of filming. While dependent on major financial contributions from stations in four of the network's largest cities, the series has benefited from Mr Davis's cordinating role to keep stations from competing for the same money and get them all behind a set schedule.

American television looks back nostalgically to the days when live drama regularly played in the format of *Playhouse 90*, a legendary programme of the 1950s. No doubt choosing the name *Playhouse* harkens back to those simpler times where excellence and ratings were not mutually exclusive or networks burdened with such heavy investments to keep audiences from being lured to the nascent but still frightening competition for people's attention.

Lynn Whitfield and Jack Landron in For Coloured Girls Who Have Considered Suicide

San Diego

Verdi's best and worst

by ANDREW PORTER

San Diego has an adventurous and well-supported opera company, directed by Tito Capobianco, which plays in a large house, one of the 3,000-seaters almost standard in America. It is a superior example, with good acoustics. Here Thomas's *Hamlet* returned to the stage (in advance of the Buxston revival), with Sherrill Milnes in the title role. Here Milnes is due to recreate Saint-Säens's *Henry VIII*, in 1983. Next season opens with Chabrier's *Gwendoline*, designed by Beni Montresor.

Those are or will be in the regular season. In summer, San Diego has what it calls a "Verdi Festival"—two productions, one of familiar and one of an unfamiliar opera. In 1979, they were *I lombardi* and *La traviata*; last year, *Giovanna d'Arco* and *Il trovatore*; this year, *Un giorno di regno* and *Nabucco*—Verdi's first and worst flop. (*Un giorno* was withdrawn from the Scala bill after a single, disastrous performance) and his first and in some ways his greatest triumph (*Nabucco* was played more often in a single season than any other work in the Scala's 200-year history). It was fascinating to hear them in succession. San Diego plans its summer season so that Verdians from all over the country can fly in for weekend visits and see both shows. Next year, *Il corsaro* and *Ballo*.

According to some critics, San Diego seemed to be reversing the judgment of history. My admiration for the comic *Un giorno* is on record, ever since I reviewed the RAI performance (issued on Cetra). It is less polished than *Don Pasquale* (which came later, and seems to have lifted an idea or two from *Un giorno*) but not less lively or melodious. However, since the San Diego performance was given in an English translation I made, I'll do no more than note that the *prime donne* were Arlene Saunders and Susanne Marsee; that the "King for a Day" was the rising young baritone J. Patrick Raftery; that Capobianco produced and Calvin Simmons conducted. There's a lot more I could say — both for and against the performance—did the *convenienze* allow it. I used to suggest that *Un giorno* deserved wide circulation. Now that I have a possible stake in it, I can (as a critic) do so no longer—except to recommend it again to Glyndebourne, in Italian.

Nabucco is a production designed by Nicola Benois for several American houses to share. It opened in Miami, where there were both Italian and English performances (the latter in a new translation by one A.P.). In San Diego, there was an international cast singing in the original. Next, it comes to the New York City Opera, again in Italian, with Grace Bumbry as Abigail. In San Diego, Christina Deutekom was Abigail. In cabalettas, she still has a bright, quick brilliance that makes its effect. But sustained lines became woefully unsteady, and the spitfire heroine was placidly portrayed.

Nabucco was Kari Nurmela, a Finnish baritone new to me, though Covent Garden has heard him. He was no actor, nor much of a vocal interpreter, but the sound, while monochrome, was so steady, so securely focused, so strongly projected that he proved impressive. On the other hand, when he sang out of tune he did so with painful precision. Ezio Flagello was an unsteady Zecharias.

Benois — on the strength of the San Diego production — designed the show with his left hand. Two giant diagonal staircases filled most of the stage. In an action that calls for masses to rush on or off, the scurrying chorus, picking up their long robes so as not to trip, looked comical. Ghita Hager's production recalled early days at St Pancras. Maurizio Arena conducted in a rigid, unmoulded, post-Toscanini manner. The last epithet is unfair to Toscanini—but it is often in his name that modern conductors drain from Verdi's music (as Toscanini did not) the free, abundant rubato and portamento by which singers once made it expressive.

Arts news in brief

The winners of the Perrier Pick of the Edinburgh Fringe Award are The Cambridge Footlights with their production *The Cellar Tape*.

The award enables the company to put on the production in London at the Hampstead New End theatre from September 22-28 after which they are going on tour to Australia for three months. The company hopes to bring *The Cellar Tape* to London's West End in January next.

The Cellar Tape was chosen by a panel of judges from the national Press from a short list of nine revues staged during the Edinburgh Festival and put forward by the review team of *The Scotsman*.

*

Riverside Studios will be the main London venue in *Dance Umbrella '81*, Britain's largest international festival of contemporary dance which will take place throughout the country from October 8 to November 15.

In five weeks of events at Riverside from October 13 to November 15, leading soloists and companies from Britain will perform alongside those from the U.S., Canada, France and Holland. The programme will feature a wide range of events including performances, workshops, master classes, seminars, films and exhibitions, and from November 9 to 15, Riverside in conjunction with the London Borough of Hammersmith and Fulham will host a Dance in Education programme as part of the Allsorts Young People's Festival.

Following the success of two previous festivals, *Dance Umbrella '81* has been considerably expanded with more artists participating in a larger selection of events. As well as performances at Riverside, the ICA, the Place and other venues in London, events will be held in Bristol, Brighton, Cardiff. ence to coloure people the Press Council ruled yesterday.

New season plans for Contemporary Music

The world premiere of a commissioned work by John Tavener, *Prayer for the World*, launches the Arts Council Contemporary Music Network tenth anniversary season at the Round House in London on October 11.

The new work will be performed by the John Aldiss Choir in a programme which includes Byrd Motets, Schoenberg's *De Profundis*, Jasquin Motets and *Jolivet's Epithalamion*. It will then go on tour in the provinces.

Another "first" in the season will be a British tour by the Carla Bley Band from the U.S.—its opening concert at the Round House on October 26 will coincide with the opening of the Canden Jazz Festival.

Oliver Ramsden's Cantata for Oboe and String Trio will be toured by the Nash Ensemble in November, together with performances of Nicholas Naw's flute concerto. Felicity Palmer is the soprano soloist in music by Ravel.

The Dutch group, Hoketus, makes its first visit to Britain and will perform *Think Slow* by Michael Nyman, specially commissioned for the tour. Frederic Rzewski pays a return visit as the reciter of his work, *Coming Together*.

The Mike Osborne Septet, featuring Alan Skidmore and John Surman, begins a series of concerts at the Round House on November 29.

The second half of the tours start on January 17 with a concert by the London Sinfonietta at the Round House on January 17. In the spring there will be tours by Company, Singcircle, the Mike Westbrook Orchestra and The Fires of London.

Radio 3

Persephone Dream

by ANDREW CLEMENTS

After unsatisfactory encounters with several of Jonathan Harvey's recent works, Tuesday's Promenade concert revived an earlier orchestral score that presented this listener at least with fewer problems. *Persephone Dream* was commissioned by the Royal Philharmonic Orchestra and first performed by them in 1973; Harvey gave it the unfashionable subtitle of "symphonic poem," and related its clearly defined sections to the Persephone myth. In subsequent pieces he has sometimes allowed such literary and philosophical associations to invade and obscure his musical structures, but here the effect is cogent and precise.

Throughout, the argument is impressively sustained. In *Persephone Dream* he refined his own brand of serialism, and combined with it a complementary method of large-scale harmonic organisation; the techniques are so fertile that everything in this 20-minute work is generated out of the gestures heard in the opening few seconds. Some of the musical landmarks are striking: a swirling, impressionistic woodwind texture that eventually clears and settles down to a threatening, dark-hued central episode; a gradually accumulated climax rammed home by the brass, and a supplicating, evanescent coda. Perhaps at times the orchestration is functional rather than inspired, and occasionally also Harvey's interest in the European avant garde is betrayed in an indiscriminate use of tuned percussion, but in its total effect *Persephone Dream* is an accomplished score that thoroughly deserve another hearing, and a timely affirmation of the quality of its composer's work.

Sir Charles Groves conducted the first performance eight years ago, and, this time with the BBC Symphony Orchestra, gave a crisp, confident reading. But earlier his partnership with Alfred Brendel in Brahms' first piano concerto had been less happy. It was a demonstration of the difficulty in transferring poetic, pianistic ideas to an orchestral accompaniment. Brendel adopted heroic extremes of mood and tempo, but where Sir Charles attempted to follow him, the performance was quickly becalmed.

Philharmonia to present 'Music of Today' series

Following the withdrawal by the Arts Council of contemporary music grants to the four London orchestras for the current financial year, the Philharmonia is giving a series at St. John's, Smith Square, entitled *Music of Today*, presented by the House of du Maurier, the orchestra's principal sponsor.

In the first concert of the series, on September 23, Witold Lutoslawski will conduct the first London performance of his Second Symphony, a two-movement work scored for large orchestra and completed in 1967.

Further concerts in the series will take place on March 27 and May 13 1982, when the conductors are Michael Tilson Thomas and Simon Rattle.

Tilson Thomas will conduct an American programme, and Rattle conducts the first performance of the Second Symphony by the young British composer, David Matthews.

Booking is already open for the September 23 concert and tickets are available from St. John's, Smith Square.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1980							
2nd qtr.	106.6	97.1	98	109.2	164.3	1,498	159
3rd qtr.	103.4	93.5	85	108.9	170.3	1,699	120
4th qtr.	100.6	89.4	78	109.0	205.2	2,020	98
Dec.	100.0	88.4	79	108.4	236.0	2,137	99
1981							
1st qtr.	99.5	88.8	98	112.7	174.4	2,304	100
2nd qtr.	98.9	88.5		111.3	180.6	2,507	89
Jan.	99.0	88.4	91	114.0	177.6	2,228	104
Feb.	99.4	89.3	92	112.9	170.1	2,304	98
March	99.7	88.7	109	111.4	175.3	2,381	97
April	99.1	88.6	91	111.4	181.6	2,452	94
May	98.2	87.5	82	110.6	177.1	2,515	92
June	99.5	89.3		111.7	182.7	2,552	83
July				110.5		2,582	92
Aug.						2,626	98

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	109.9	100.3	100	110.3	158.6	1,379	193
2nd qtr.	106.6	97.1	98	109.2	164.3	1,498	159
3rd qtr.	97.0	96.0	117.2	91.9	76.6	82.2	12.5
4th qtr.	93.9	90.8	116.9	85.9	70.6	77.3	10.1
Dec.	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	94.3	87.3	117.4	83.3	76.5	77.9	10.9
2nd qtr.	93.7	86.1	117.8	82.7	80.5	76.0	14.6
Jan.	94.0	88.0	116.0	84.0	74.0	77.0	10.3
Feb.	95.0	87.0	118.0	83.0	78.0	79.0	11.3
March	94.0	87.0	118.0	83.0	78.0	78.0	11.2
April	94.0	87.0	117.0	84.0	77.0	76.0	12.6
May	93.0	86.0	117.0	81.0	79.0	75.0	14.1
June	94.0	86.0	119.0	83.0	85.0	76.0	17.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Dec.	125.7	114.5	+333	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
2nd qtr.							26.73
Jan.	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb.	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49
June							25.63
July							24.57
Aug.							24.51

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933	16
4th qtr.	8.8	20.1	11.2	+3,348	1,253	1,793	14
Dec.	16.1	20.9	7.0	+ 928	448	685	14
1981							
1st qtr.	6.5	8.7	12.4	+1,278	1,081	1,884	12
2nd qtr.	23.3	16.6	6.5	+4,102	1,103	1,936	12
Jan.	5.8	11.7	10.0	+ 342	446	620	14
Feb.	13.1	7.9	12.8	+ 103	366	638	14
March	0.9	6.7	14.2	+ 833	269	626	12
April	25.5	13.8	3.9	+2,014	296	655	12
May	22.3	19.3	6.9	+ 951	436	607	12
June	22.1	16.6	8.7	+1,137	371	674	12
July	14.4	16.1	19.9	+2,141	290		12

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
Dec.	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.8
2nd qtr.	202.1	225.8	219.4	294.0	277.0	245.07	97.8
Jan.	193.3	209.7	209.9	277.3	266.7	251.88	102.0
Feb.	194.8	214.0	211.9	279.8	268.9	259.93	102.5
March	197.8	217.8	215.1	284.0	270.6	261.56	99.7
April	199.3	221.3	218.0	292.2	274.2	258.61	99.2
May	201.6	226.1	219.2	294.1	276.7	255.14	98.8
June	205.4	229.9	221.0	295.8	280.0	245.07	95.4
July		232.8	222.1	297.1	279.6	275.81	92.5
Aug.						257.64	91.2

* Not seasonally adjusted.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday September 3 1981

Law of the Sea half a loaf

GIVE AND TAKE is the basis of all bargaining and of all diplomacy. On the basis of that truism it is possible to be content with the state now reached in the endless negotiations at the UN Conference on the Law of the Sea, once again adjourned while the Reagan administration in Washington makes up its mind about the great issues involved.

The most recent session broke up in Geneva last week with an undertaking to reconvene in New York on March 8 for what this time is billed as really the last meeting of a conference that has been dragging on since 1973. During that time a draft text has been agreed which gives most participants at least a portion of what they want.

Confrontation

Geneva added little if anything of substance. But the delegates did at least prevent the entire package from falling to pieces. That danger arose when, after the change of Presidents this year, Washington announced that it was not satisfied with what had been achieved. This voltre face led to a real danger of confrontation between the leading power of the West and the developing countries in the Group of 77. The latter, however, preferred to continue the dialogue, thereby preventing the Russians from fishing in the troubled waters. Finding itself isolated, Moscow decided not to risk a show down at Geneva.

The subject is as immense as the oceans themselves, and the questions involved are correspondingly complicated. But they can be boiled down to two issues of central political and commercial interest.

One formally lays down a 12-mile limit to territorial waters and gives the coastal state exclusive rights of economic exploitation in a deeper 200-mile zone. These rights are complemented by guarantees of the right of innocent passage for ships and aircraft, both civil and military. The other issue is the management of potential resources of the high seas, outside those limits. These are declared in the draft to be part of the common heritage of mankind. Behind this formula there lurks the wish of the developing countries and of land-locked states to participate in the exploitation of these resources.

They include metallic lumps or nodules on the seabed estimated to contain 240m tonnes of cobalt, 290m tonnes of nickel and 6m tonnes of manganese which could be recovered by technologies under development. The money and skills required are beyond all but the highly developed states. The draft proposes that companies working the seabed under licences from an international authority to be set up shall be made to pay royalties and to sell their technology to an operating enterprise which would mine on behalf of all countries, including the less fortunate countries. Over and beyond that, recovery of metal from the seabed is to be made subject to quotas to protect the interests of land-based mines in countries such as Zaire and Zimbabwe, but also Canada.

Western negotiators, including the Americans before President Reagan, accepted these proposals in spite of a number of misgivings.

The West therefore was prepared to pay the price demanded by the Group of 77 to obtain what it wanted in the other main debate. The gain there is not to be underestimated. Freedom of navigation in coastal waters is essential to trade; the right of passage through straits such as those of Gibraltar is vital for naval powers (which nowadays include the Russians as well).

Sovereignty

As drafted, the convention would place on a firm basis of international law the British and Norwegian rights in the North Sea oil fields, to cite only one instance. It would prevent the arbitrary extension of territorial waters as attempted by a number of Latin American states. It would also firmly deny Libyan claims to sovereignty over the Gulf of Sirte (though it would be too much to hope that, by itself, would prevent a repetition of last month's dog fight between U.S. and Libyan fighters).

These are solid benefits which should not be lightly cast away. Some of Washington's doubts about the proposed mining are legitimate. The Reagan Administration should now work towards a compromise with the Group of 77. The isolation of the Russians at Geneva was a hopeful event on which the West should seek to build. At sea, as on land, half a loaf may be better than no bread.

The search for a nuclear diplomat

THE GOVERNORS of the International Atomic Energy Agency, an arm of the UN, have met once again in Vienna this week to try to agree on a new director-general. Time is short if, as they hope, they are to be able to announce their selection at the general conference of the IAEA, less than three weeks away. It should surprise no-one however, that they are having trouble. The job is a vital one in a world which, having eagerly espoused then agonised over nuclear energy during the Seventies, now seems determined to press on with it as fast as economic circumstances permit. In its latest annual report the IAEA estimates that world nuclear capacity by 1985 will equal the (1979) world energy contributions of Saudi Arabian oil.

Difficult role

But enthusiasm for nuclear energy is about the only thing that unites the 34 member-states represented on the IAEA's governing board. That, and agreement that life would be so much simpler if only Dr Sigvard Eklund, the Swedish scientist who has filled this remarkably difficult role for the last two decades, would stay a little longer.

Little purpose can be served, however, by briefly postponing the problem. Dr Eklund, now in his seventies, has said that he wants to return to his homeland. He knows, too, how fraught was the prelude to his own selection in 1960.

The problem begins with the fact that the IAEA is riven into three factions—East, West and the "Group of 77" (developing nations) — held together by tenuous forces of expediency and self-interest. For the nuclear weapon states of East and West, the dominant interest is controlling nuclear proliferation. The U.S., Britain and USSR are as one in believing that the spread of nuclear weapons to more countries must be a bad thing.

Even so, their perception of the ideal kind of person to elect as custodian of the Non-Proliferation Treaty, the IAEA's most important responsibility, differs appreciably. The USSR is uneasy about any candidate, whatever his qualifications, put forward by what it sees as a "military bloc."

The third—and biggest—faction of the IAEA, however, is the Group of 77, which tends to be lukewarm at best, and sometimes quite hostile, to the concept of non-proliferation. Most of them have been persuaded to sign the NPT and open their nuclear facilities to IAEA safeguards inspection, but only in return for considerable technical assistance in building a nuclear power programme.

The Group of 77 mainly supported a candidate from the Philippines. On the face of it, he should therefore be the new director-general, but the IAEA is the creation of the nuclear weapon states, as a means of policing nuclear activity. They are left in no doubt that, if the IAEA were dominated by the Group 77, its present broad balance between safeguards and technical assistance would soon shift dramatically. They would quickly be faced with another Unesco, with the developing nations voting large budgets for aid for the other two factions to pay.

The governing board of the IAEA has therefore been carefully worked out to try to preserve a balance between safeguards and assistance in all its activities. Inevitably, the fulcrum of this balance must be the shoulders of the director-general. As performed by Dr Eklund, the role will be a hard one to follow.

Straw poll

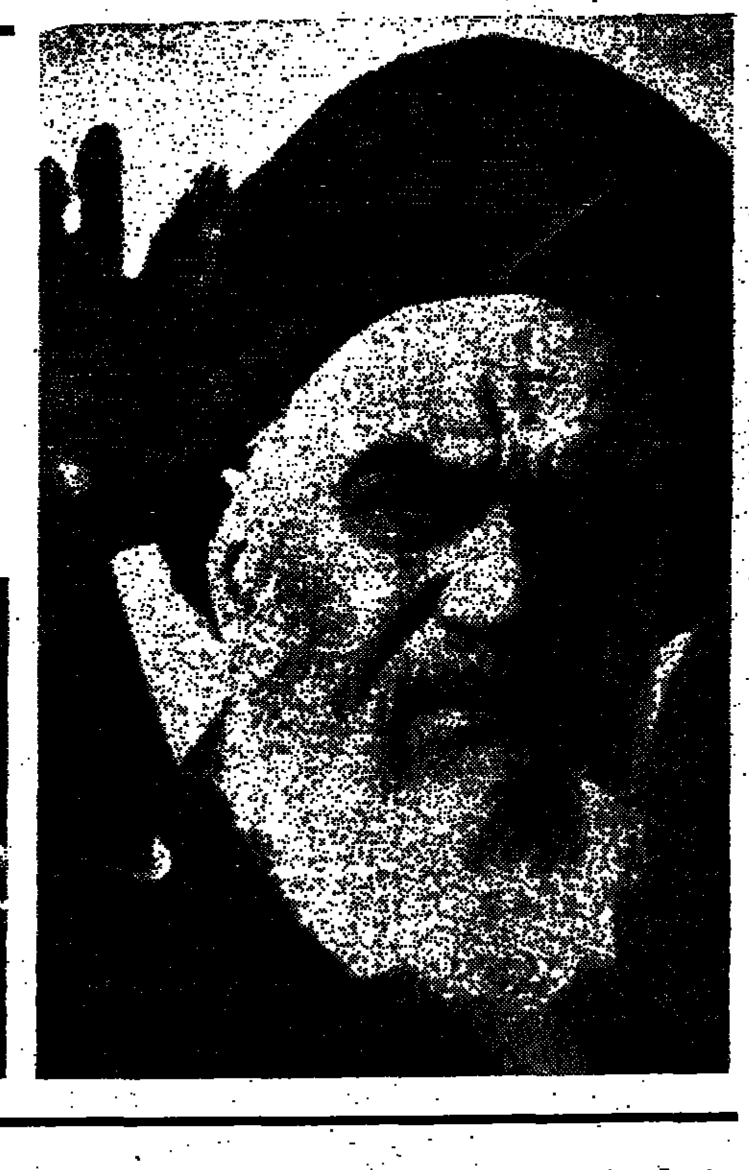
The efforts of the governing board to find his successor this summer resulted last week in whittling the original short list of six down to zero. This was achieved by a ploy, time-honoured in the West, but novel elsewhere, called the straw poll. From a series of straw polls Dr Hans-Hilger Haunschild, the top civil servant in the Ministry of Research and Technology in Bonn, emerged as favourite. But he failed to carry the two-thirds majority deemed necessary before the 34 governors would formally propose him as their next director-general.

After their brief flirtation, the governors have abandoned the idea of voting. They will probably return to their traditional — if less gentlemanly — practice of lobbying the corridors to produce a consensus. But first they must reconstruct a shortlist of candidates their votes demolished last week.

Assassins aim for the heart

By Patrick Cockburn

The regime of Ayatollah Khomeini (right) may have been put in mortal danger from a campaign of murder apparently orchestrated by the opposition within Iran. Government ministers and other Islamic fundamentalist leaders—including the President and Prime Minister—have been killed in the past two months. In Paris, Abol-Hassan Bani-Sadr (below) the exiled former president has formed an alliance with the Islamic/Marxist Mojahedin which could yet overthrow Khomeini. But the politically astute Ayatollah still has one overriding advantage—he knows what he wants whereas the unity of his opponents remains very fragile.



THE GRADUAL assassination of an entire government which is what has been happening in Iran these past months, is quite extraordinary.

There is scarcely any parallel in history of a ruling Government being progressively liquidated by an undercover organisation. Not for nothing was the original Order of the Assassins founded in Iran at the time of the Crusades. With their headquarters at Alamut, 100 miles west of present-day Tehran, they spread the tenets of their faith by the simple expedient of assassinating all those who opposed them.

The present crunch in Iran has come earlier than most observers supposed. It was always likely that the fundamentalist regime of Ayatollah Khomeini would come into conflict with the secular opposition which supported the overthrow of the Shah, but did not like the clerical Islamic regime which was put in its place. Now the crucial question is whether the regime of Ayatollah Khomeini is in real danger.

The truly surprising development over the past few months is the success with which the opposition groups, notably the progressive Moslems of the Mojahedin Party have struck down the leaders of the Islamic Republic. Two months ago Ayatollah Beheshti, leader of the ruling Islamic Republican Party, was blown up together with 27 leading members of parliament and three ministers.

Last Sunday President Rajai and Prime Minister Bahonar—ironically attending a meeting of the committee in charge of internal security in Iran—were killed by a bomb. With less publicity, many other fundamentalist leaders have been assassinated.

Peculiar mixture

The most potent enemy facing the Government in Tehran is the Mojahedin which is generally believed to be behind the assassinations. Its leader, Mr Massoud Rajavi, is now in exile outside Paris together with former President Abol-Hassan Bani-Sadr. Its political philosophy is a peculiar mixture of Islam and Marxism. Its strength is the powerful organisation, divided into cells, which it has set up all over Iran.

It is these cells which are widely believed to have organised the assassination campaign. Although their nominal leader is still Massoud Rajavi, operational command in Tehran appears to have been taken over by his second in command, Moussa Khiabani, and the Mojahedin claim that there are 12,000 guerrillas organised in the cells.

Their popular support in Tehran is concentrated among the lower middle classes, the students or former students and the young, but it is still unclear how far they have penetrated south Tehran, where two-thirds of the city's population live. The poor of this area are the backbone of the Islamic Republic and were primarily responsible for overthrowing the Shah.

Ayatollah Khomeini, whose political abilities have often tended to be underestimated in the West, has long understood the need to maintain a firm base of popular support. He has argued in the past that if his regime became merely a clerical junta insensitive to popular opinion it would fall. Thus in June Khomeini tried hard to save President Bani-Sadr from dismissal by parliament. "I did not want it to happen this way," he said. "I am sorry they have dug their own graves."

It is a tribute to the revolutionary leader's political astuteness that he has reacted to the death of his president and prime minister by calling for moderation rather than a holocaust for his enemies. The bombing "should not be an excuse for us to become more harsh . . . and without care arrest someone who had not done anything wrong. God forbids that the martyrdom of our dear ones should be a reason for overstepping the mark through anger."

A policy of moderation now would allow the Government to capitalise on any popular revulsion over the assassinations. In the past the regime tended to dissipate any sympathy it might have gained by waves of executions of alleged opponents often accused of the most trivial offences.

But with the departure of Bani-Sadr the popular base of the regime has been narrowed. The former president, elected early last year, always enjoyed a wide, if vague, popularity. Even if his speeches, of endless length and allusive meaning, visibly bored even the most long-suffering Iranian crowd, there was still a feeling that he was basically honest. His arch opponent Ayatollah Beheshti, the leader of the Islamic Republican Party, a superb organiser and perhaps the best political mind in Iran, never enjoyed such popularity.

In the event the dismissal of Bani-Sadr as President has turned out to be a crucial political mistake. So long as he was still in the presidential palace, though without much real power, he acted as an alternative to the Islamic Republic's more fundamentalist rulers. Opponents of the Government could look to him as an ally, but his lack of organisation ensured that such opposition was impotent. By getting rid of him the fundamentalists threw away a valuable lightning conductor.

Spiritual leader

The result has been disaster. Bani-Sadr has teamed up with the Mojahedin. Both sides have gained from the alliance. The former President now has a powerful, well-organised party behind him, while the Mojahedin have gained some legitimacy. Their leader, Massoud Rajavi, has been appointed prime minister in exile by Bani-Sadr.

All this was a threat to the Government in Tehran, but nobody expected the savagery and accuracy of the attacks on Government leaders which started as a response to the execution of Mojahedin militants. Last June Beheshti and Rajai were the most powerful men in Iran. Both are now dead.

Seyyed Ali Khamenei, spiritual leader of Tehran, was badly injured when a tape recorder placed in front of him blew up while he was speaking. A leading Islamic Republican Party member of parliament and militant, Mr Hassan Ayat, was gunned down in Tehran. The Governor of the capital's main gaol was murdered in mysterious circumstances.

How have the assassins been able to operate so freely, piercing all security arrangements? The answer seems to be that the Mojahedin long ago infiltrated most of the regime's security organisations. The Revolutionary Guards, the praetorian elite of the revolution, once contained many Mojahedin. When they were expelled many "sleepers" clearly stayed within their ranks. The army and the police cannot all be trusted. But claims by the Shah's last Prime Minister, Mr Shahpour Bakhtiar, that he has strong support within the army can be dismissed as the fantasies of exile.

Mr Bani-Sadr continually claims that 90 per cent of the army supports him but there is little evidence for this. Many an Iranian soldier seems to feel, as one senior Iranian official put it just after Bani-Sadr was dismissed, that "I quite like Bani-Sadr, but I am not prepared to die for him."

It is more likely that the middle ranking and senior officers do not like the leadership of the Islamic Republic but the rank and file will never support a coup against Khomeini. In any case since the war with Iraq started many former Revolutionary Guards have been recruited into the regular forces.

In the army, the police, the civil service and among the mass of people there is a growing tendency to stand aside from the faction fighting. The Mojahedin have widened the basis of their support through their alliance with Mr Bani-Sadr because there is no place for a constitutional opposition to go except into their ranks.

Ayatollah Khomeini remains the key figure. The Mojahedin probably only have majority support in areas like the provinces bordering on the Caspian Sea where the left has traditionally been strong. They also have a tacit alliance with the Kurdish guerrilla organisations fighting for autonomy.

Economic chaos

The political key to Iran lies in the Persian speaking heartlands stretching from Tehran south to Isfahan and west to the Kurdish region. Here is where the battle for power will be won or lost. Certain groups like the Bazaar merchants in Tehran, who control much of the country's wholesale and retail trade, are now generally against the Government. So too are most of the administrative classes or those who have received a western style education.

But this alone will not destroy Ayatollah Khomeini or the Islamic Republic despite the effectiveness of the assassination campaign. It is not true to say, as the surviving fundamentalist leaders do, that those who are blown up or shot down can be easily replaced but they are right in believing that they will be very difficult to overthrow so long as they have a hardcore of fanatical supporters who are quite prepared to get killed.

Thus the hopes of many Western and Arab leaders that Ayatollah Khomeini's regime will collapse in a bloody welter of faction fighting and economic chaos are almost certainly premature. The claim by Mr Massoud Rajavi, the Mojahedin leader, that "Khomeini's regime is collapsing. It grows weaker day by day" also sounds exaggerated. It is doubtful if Rajavi believes it himself in quite these terms.

The political damage to the regime is not just that it has lost its ablest and most experienced leaders. The Government cannot now deal with other political and economic problems since all its energies are devoted to fighting the enemy within. For instance the Government has not been able to step up the level of fighting at the battlefront with Iraq despite promises to do so.

Political game

Little is being done to stem the flow of imports into Iran which is draining away foreign exchange. Oil exports are down to about 600,000 barrels a day. Unemployment remains at a very high level. A meat rationing system has not got off the ground because the ration books have not been printed.

Instead of dealing with such problems the Government has concentrated on the hunt for the guerrillas. It thereby suffers all the obloquy involved in executions and repression but without the benefits of success. It has allowed its enemies to seize the political initiative and to dictate the nature of the ferocious political game in Iran. Over the past two months the regime has behaved like a faction fighting for power rather than a Government which already holds it.

Yet the Mojahedin, like so many other opponents of Ayatollah Khomeini, suffer from the weakness that they do not really know with what they would replace the Islamic Republic. Their political policies are confused. The groups which dislike the regime have little in common, varying as they do from rich bazaar merchants to Kurdish guerrillas. The strength of Khomeini today, as it has been since he overthrew the Shah, is that he knows exactly what he wants. His enemies do not.

MEN AND MATTERS

A Courting again

A forthcoming diary date for followers of the boardroom thriller at Lord Grade's Associated Communications Corporation is the expected arrival in London next week of Australian financier and 21.7 per cent non-voting ACC shareholder Robert Holmes à Court for talks with Grade.

Holmes à Court built on profits made in the Australian nickel boom ten years ago to create his Bell Group, which has substantial media and transport interests. He has since made conspicuous appearances in the London market with a vain offer to buy a minority holding in Rolls-Royce Motors at the time of the Vickers merger, and lately took a 5 per cent stake in Rugby Portland Cement.

His ACC stake looks on the face of it an odd sort of thing to have in the cupboard, since profits recovery is not thought to be in immediate prospect, while voting control remains tightly held by Grade and his associates. But with the imminent hiving-off of 49 per cent of the ATV Television network promising at least some shake-up of the ACC structure, then perhaps enfranchisement of the "A" shares and a challenge to Grade are not as far away as some might think.

Moscow bound

Reports from the Moscow book fair suggest that life of Soviet bibliophiles is a good deal more exciting than the average Bloomsbury tea party.

Even before today's public opening, Russian censors have seized three works on Jewish historical themes and have launched a show trial for a dissident writer who has been much feted by American publishers.

If exhibitors' books are not being thumbed by the censors, however, they are more likely to be commandeered by the word-hungry Russian public. Dozens of expensive art books, English language dictionaries and economic analyses have already been stolen from the stalls, with more disappearing during the VIP preview.

Nevertheless, I understand that some of the works that have got through have been a surprise. While the American-Jewish Yearbook 1981 was banned by the censors, the novels of such as Len Deighton and John Le Carre appear to be ideologically acceptable.

None of which will be much consolation for Anatol Marchenko, the star guest at a U.S. publisher's reception in 1979. He has just gone on trial in the town of Vladimir on charges of "anti-Soviet agitation and propaganda" which could end in a sentence of seven years imprisonment and five years in labour camps.

Cutting a dash

A happy man in Hatton Garden these days is Jack Lunzer, President of the Industrial Diamond Company, which is moving into Zaire even as the Central Selling Organisation, the internationally - dominant marketing arm of De Beers Consolidated Mines, is moving out. The state-controlled Sozacom agency has taken over marketing Zaire's sparklers, and has signed itself up sales contracts with IDC, and two Antwerp dealers, Caddi and Glasol.

The parlours of Hatton Garden rival those of City bankers for their discreetly luxurious furnishings, and even more discreet attitude towards the business done there. Nailing Lunzer down on the financial implications of the deal is, therefore, far from easy.

IDC accounts are not consolidated, and he declines to specify how much of Zaire's $120m annual diamond production he expects to be taking under his company's five-year contract. The deal is, apparently, a fairly modest one in IDC terms at Zaire's present level of production, but particularly useful since that country's industrial stones are of a quality hard to come by since the U.S. cut back its stockpile sales some 18 months ago, says Lunzer.

"Should we insist on a second opinion?"

It would be an uncomfortable choice of image to say that diamonds run in the Lunzer blood, but it would certainly sem to have been more carats than sticks which have ruled the family business for three generations.

On the office wall hangs a replica of the transaction slip for grandfather Julius Lunzer's first bank deposit from his office at 91 Hatton Garden, five doors down from IDC's present building. Control passed to Jack Lunzer 20 years ago, and his aprenticeship in industrial diamonds has seen the company grow in that field from an earlier gem stone base.

Lunzer is quick to point out that Zaire should not be seen in terms of his own company's taking on the international might of De Beers, which handles 80 per cent of world rough diamonds. "To say that IDC is cocking a snook at CSO," he says, "is absolute baloney. They have a massive job to do, and we are specialists, well equipped to handle Zaire production."

IDC is, nonetheless, treading at least close to the giant's toes, a state of affairs which its present president recognises might not have appealed to his forebears. "My grandfather," says Jack Lunzer, "would not have allowed me to do this, he had far too much respect for Sir Ernest (Oppenheimer); my father would have said 'How dare you?'"

Lunzer will not be exercising a similar paternal restraint in the years to come, since he has no sons to follow him into the business and expects to promote his successors from non-family staff. That may be some time off if family history is anything to go by, since he is himself now 56 and recalls his father making a daily office appearance at the age of 75.

Homing instinct

The asset-sweating goes on at Harrods, with fifth-floor acreage to be liberated by closure of the Estate Offices on October 1. The purveyors of smart addresses to even smarter shoppers are calling it a day after 85 years, and Robert Hobart, manager for the last three, is departing with colleague Roger Slater to set up his own business nearby.

While admitting that coming out from under the grande dame's skirts may be something of a gamble, Hobart has at least the security of his hopes to take a fair spread of loyal clientele with him when he goes.

Faut de mieux

"Growing old isn't all that bad —when you consider the alternative."

Observer

ECONOMIC VIEWPOINT

Trying to escape the American nightmare

EVENTS in the U.S. now so closely resemble a speeded-up re-run of the Thatcher experiment that it is tempting to draw quite wrong conclusions; the parallels are so striking that we may overlook the differences. It is true that in eight disastrous months President Reagan has had to learn some lessons which in Britain took more than two years to sink in—notably that under a strict monetary regime fiscal deficits matter *more*, not less. He has been forced to review defence expenditure before the ink is even dry on the expansion plans.

The Fed is discovering that attempts to restrict monetary growth through high interest rates can produce perverse results, as soft markets and the forbidding costs of long-term finance drive corporate borrowers to their banks. Corporate credit in the U.S., is now growing at an annual rate approaching 35 per cent.

So far, it sounds just like home. However, the differences are also striking, if you look for them—not least the sheer pace of events. The financial crisis has developed so fast that the economy has had no time to get into a serious recession; and at the same time industry has reached this point with quite lean inventories.

This is both good news and bad news. The bad news is that the problems of the Fed are more unmanageable than ever faced the Bank of England. Destocking in Britain produced an appalling drop in output, but it did enable industry to roll, as it were, with the financial crunch; in the U.S. the danger of deep recession is much less, but the danger of a bankruptcy crisis much greater.

Unless the Fed wants to re-run the film of 1929-31, it may be forced to back off. Indeed, the *Bank Credit Analyst*, which is viewing current events with the gloomy relish of an Old Testament prophet, already sees

ARTHUR LAFFER
A new formula

a softening of Fed policies in the fast growth of U.S. bank reserves.

This means that the danger of a highly inflationary resolution to the present policy crisis is vivid enough to scare Wall Street out of its wits; but that is, happily, not quite inevitable. For the good news is that since the economy is quite strong, the Administration can help.

Mrs Thatcher, who has been trying to cut expenditure in a depressed economy, has found the process about as effective as trying to hold back the tide with a broom; as fast as discretionary expenditure can be cut, the need for welfare spending and props for industry rises.

But if President Reagan can cut spending, as Mr David Stockman evidently means to do, the cuts should work, in the sense of reducing the deficit. The U.S. private sector is more than ready to bid for resources if the price is right.

Meanwhile, of course, we all share the crisis, through the influence of high U.S. interest rates. The tragedy is that they are much higher for us than for U.S. borrowers, at any rate in the personal sector, since the U.S. citizen can charge credit costs against his tax liabilities. The most effective answer, of course, would be to end this absurd regime, which simply undermines the Fed; but this is improbable in the extreme.

A possible acceptable alternative would be an inversion of the old U.S. Interest Equalisation Tax. U.S. banks would be instructed to withhold a tax on all interest due to foreign depositors—which would help Mr. Reagan to balance his budget, and enable the Germans and ourselves to reap the rewards of austerity by cutting interest rates.

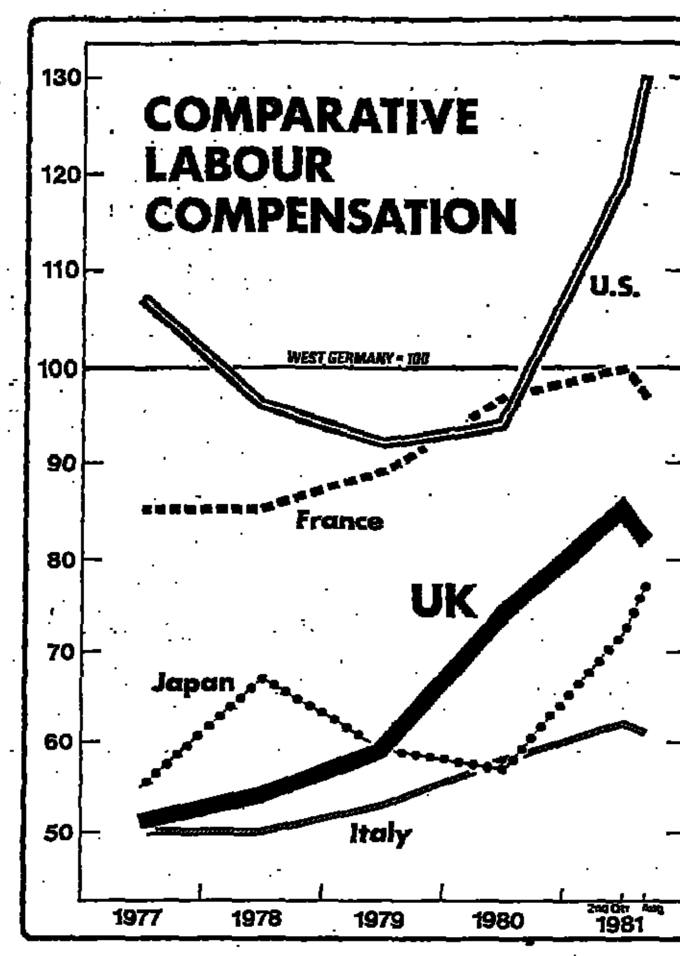
Such a measure would no doubt leak like a sieve, but it might serve for a few months—and if U.S. policy is not better balanced within a few months, the outlook is as grim as the Bank Credit Analyst imagines.

* * *

One fascinating result of the whole Anglo-U.S. mess has been the headlong retreat from monetarist doctrine. The U.S. supply-siders are now blaming Wall Street's lack of faith and the Fed's excesses for spoiling their beautiful experiment.

Some of them seem quite unable to believe what is happening to them. Thus Mr Paul Craig Roberts, Assistant Treasury Secretary for Economic Policy, recently told an unimpressed Wall Street seminar: "People—and unfortunately many financial market participants—are so conditioned by the past approach to deficits that they haven't quite caught on that in this new policy the deficit is an almost irrelevant side-effect of restructuring the tax code. In our approach, deficits are removed from being an instrument of policy."

In the same spirit, some survivor may remark that the end of civilisation is an almost irrelevant side-effect of



Bob Hutchison

scientific progress; but fortunately most of the Administration has now outgrown this breathtaking complacency. Ideas are stirring.

Budget-cutting is one result (and financial pressures might even revive sincere interest in a new Salt). Another, sillier, but somehow appealing, result is seen in the solemn proposals of *the new Gold Commission*, which is looking at the pros and cons of going back to a gold standard.

The ineffable Mr Arthur Laffer, who still believes that cutting taxes would also cut deficits if only everyone believed it, so that interest rates fell, has a new formula. The Fed, he *says*, is impressing *nobody* with its obsession with the quantity of money. What is required to work the miracle of helpful expectations (known officially as "*rational*" *expectations*) is a guarantee of the *quality* of money. Enter gold.

What this would imply, of course, is totally rigid control of a very narrow definition of money. We are several financially *inventive* decades away from the last rule of gold, and we might be able to adapt; the velocity of circulation of plastic money has no clear limit.

Failing such an adaptation, the rule of gold would have a *rather uncomfortable side-effect*: no Fed rescues for those caught in a crunch. Financial life-saving operations are of course inflationary, whether they are intended to rescue property speculators in the UK, *thrift institutions in* the U.S., or countries like Turkey or Poland. Most of us regard the remedy as preferable to the alternative.

The result, then, is that Mr Laffer might well find a return *to gold* a *fiercer check* on tax-cutting than anything the Fed could contrive; yet he would still fail to reassure Wall Street. Cynics would continue to believe that in a real *crisis*, the rule of gold would be fudged just as surely as the rule of M1B, or M3, or whatever.

* * *

In this country, the retreat from monetarism is more tactful, as you might expect; it consists of a growing feeling, in the circles that matter, that it would be more *sensible* to worry about the exchange rate. This is expressed not as a new statement of faith, but as a conviction that the adoption of a target, through joining the EMS, is "only a matter of time." Thus do we announce *our* intellectual revolutions.

This is a very welcome conversion after all the alarms and contradictions involved in *trying to control the inherently* perverse M3 target. Under the right conditions—which are far too complex to discuss here—domestic policies aimed at an *exchange rate target should be* workable without perversities and crises resulting from the system itself. What is more,

RONALD REAGAN
Eight disastrous months

MARGARET THATCHER
The competitive spur

the results of stabilising the rate would be more widely understood, and might reduce the likelihood of crises produced by *fiscal* or *trade* union follies. So far, so good.

But what should the target be? Should the regime be aimed to check inflation, or to *restore competitiveness?* And do we measure competitiveness by the actual performance of British industry, or by some cyclically-corrected guess of *what it would be under better* conditions? And where, in either case, is the spur—the expression of Mrs Thatcher's belief that competitive is as *competitive does?*

No answer to these questions will satisfy everyone, but I would like to introduce a notion which might be refined into an indicator: *potential* competitiveness. This means ignoring *actual competitive performance*, and trying to measure simply the comparative costs of activity in various countries. The UK target could then be an *exchange rate which sets these* costs high enough to embarrass the inefficient, but low enough to offer large rewards to those who are truly competitive.

As a very rough illustration, the chart shows our estimates of total labour compensation, *including non-payroll* benefits, in a few leading economies. This suggests that we ought to be able to live with European competition at somewhere near *the present level* for sterling, but not with Japanese competition. A more sophisticated cost index, taking in energy and transport costs, local taxes and the like *might tell a different* story, but the principle would remain the same. The exchange rate ought to be carrot to some and stick to others—a regime *for transformation.*

* * *

One final thought. An exchange rate target is a good general rule, but it cannot be universal; someone has to provide a reference point for values —*and for interest* rates. Come in again, Mr Laffer: an America on gold could do just that, if it was really ready to abandon supply-side and other incompatible policies. *Did somebody* mention Bretton Woods?

Anthony Harris

Letters to the Editor

Economic strategy

From Mr E. Chaplin

Sir, — The interview on "Economic Strategy" with Professor Reddaway (August 27) is *most illuminating* and reveals how out of touch with reality he is.

He refers to the exchange rate as "simply mad" and that *inflation* is the main cause of unemployment as "laughable" and that it is "really childish" to continue with present policies. Not once does he refer to productivity and he seems to think profitability is chiefly achieved through a low exchange rate rather than by investment and improvement in productivity. He gives himself away in saying "the economy *can cope pretty well with* a steady inflation of 10 per cent or so." Does he condemn those on fixed incomes to penury to suit his neo-Keynesian theorising?

He and his ilk must wake up to the fact that our major difficulties in reviving our declining economy are too high direct taxation, excessive expenditure on non-productive activities including a vastly inflated public service and the restrictive practices of the trade unions. Better productivity is the essential thing for a general and lasting improvement. This means effective work and not just adjusting exchange rates. If business is profitable and looks like continuing to be so there will be *investment*, expanding output and increasing employment. Quite simple really.

Edward Chaplin,
Belleair,
Innhams Wood,
Crowborough, East Sussex.

Exchange rates

From Mr D. Franklin

Sir, — Professor Reddaway (August 27) states that "the present rate against the Deutsche Mark is quite *simply* mad." The value of sterling *between* 1964-1976 had reduced by two-thirds against the Deutsche Mark but our exports did not treble. In October 1976 the rate was 3.80 and in that year our exports to *W. Germany* totalled £1.8bn. Over the following *four years the pound* appreciated and in 1980 our exports totalled £5bn, the sharpest increase of nearly 20 per cent occurring *at* the time of the sharpest rise in sterling in 1979/80. At the time of the highest rate for *four years*, W. Germany became Britain's largest export *market*, taking 10.7 per cent of all UK exports.

The *low* currency/high export theory is fallacious as W. Germany has successfully operated a high currency / high export performance which is based on selling the right product of the highest quality and delivered on time. *On selling* to Germany the recent HMSO *publication states* that "Germany is a highly competitive market and particular attention needs to be paid to customers' individual needs and regional differences. Non-price factors are especially important." Any country that has to import the majority of its food and raw *materials* benefits *from* a strong currency, thus reducing inflation and *this* has added to the competitiveness of German products.

Professor Reddaway is totally mistaken to believe that a 10 per cent inflation has minor *effects on running a business.* The inflation rate of private industry in the UK is running at 4 per cent, and if the nationalised industries and local *government could* match this figure, British companies could produce more cheaply, thus selling more goods and reducing unemployment.

D. G. Franklin.
121 Kennington Road, SE11.

Incentives and managers

From the Director General, Institute of Directors.

Sir,—It would be unfortunate *if the net effect of* G. C. Fiegehen and W. B. Reddaway's book (Lombard, August 25) were to leave the impression that the pay restraint and high tax levels which prevailed during the last Labour government "had little *adverse* impact on British industry," let alone the further conclusion that steps to change this position by the present Government will have had little *favourable effect.*

The authors found that 94 companies, almost entirely in the manufacturing sector, had little difficulty in finding and retaining senior staff in 1976 and 1977. But these findings are, with respect, not adequate to support the sweeping conclusions which have been drawn in some quarters.

It is only right to note that *high tax rates* are likely to have a far greater immediate impact on entrepreneurs in small and medium sized businesses than on professional managers. *Higher tax rates would also* operate to weaken the capability of employed managers to save or raise sufficient funds to branch out into business for themselves.

Since tax rates were lowered in 1979 we have witnessed a remarkable phenomenon in the emergence of a new generation of managers who *are prepared* to manage positively, and to implement tough board decisions, whether of rationalisation programmes or diversification of activities, and to regain the initiative in removing restrictive practices and improving productivity. This has amounted to the transformation of an entire business climate, to which the signal given by the Government when it reduced tax rates has undoubtedly made a significant *contribution.*

Although it may be right to point out that lower taxes and an absence of statutory pay controls might have had comparatively small effect in 1977 without the simultaneous removal of price, dividend and exchange controls, the fact remains *that the effect of the* combination of these policies has *set the scene for a major turn*round in British managerial attitudes.

Walter Goldsmith,
Institute of Directors,
116 Pall Mall, SW1.

Companies Bill

From Mr A. Pakenham-Walsh

Sir,—Mr Nicholas Baker, MP (August 25), in defending the partial exemption *proposals for* smaller companies, carefully sidesteps *the main point* of criticism.

His defence revolves around the protection smaller companies need from larger competitors which can inspect the filed accounts. The husband-and-wife business, he instances, can protect itself quite easily by foregoing incorporation and operating as a firm.

The abuse of limited liability *Mr Baker sidesteps is the* exposure of employees, financiers, and suppliers when a company becomes insolvent. The owners can walk away from their debts and responsibilities, with their *personal wealth intact. Quite* usually, this personal wealth has been accumulated, in whole or in part, out of the earnings of the company now abandoned while its other participants lie financially stranded including *the unfortunate employees who* lose their jobs. Next day the former owners can commence business again under a new company name.

The traditional argument for ready access to limited liability has worn thin. The encouragement it gives to entrepreneurship is at least equalled by the opportunity it gives to use the vehicle for amassing personal *wealth and insulating it from* business liabilities and responsibilities when things go wrong, or are allowed to go wrong. The ready access to limited liability *should* carry the price of the *fullest* reasonable disclosure out of fairness to all participants in a company's operations. Husbands and wives — singles for that matter—who want to keep competitive eyes off their business have the option of remaining unincorporated. By omitting reference to these aspects, Mr Baker's defence of the exemptions proposal for small *and medium-sized companies* cannot be taken seriously by Parliament in legislating for something like 500,000 small and medium-sized companies, that is for more than 75 per cent of the total number of companies incorporated in Great Britain.

Amory Pakenham-Walsh.
Trinity College,
Dublin 2, Ireland.

Reform the tax system

From Mr P. Whyman.

Sir,—The employers' *national* insurance contribution (ERNIC) is in reality an impost on workers that will continue to do immense damage to the economy. The largest component of our national output is taxed almost as highly as final consumption (13.7 per cent of 15 per cent).

As the principal use of *ERNIC* is to redistribute personal income, consumers can avoid the redistribution of part of their incomes by spending their money on imported goods; on the other hand, overseas buyers of our products are forced to contribute part of their incomes for redistribution *in the UK.*

The main and damaging *effect* is that prices of goods and charges for services produced within the UK are burdened with an unnecessary cost. If ERNIC was abolished and the revenue lost made good by increasing VAT, the VAT-exclusive *prices of home*-produced goods and services *would, I judge,* fall by 8½ per cent on average (range 6 per cent to 10 per cent) depending on the magnitude of the cumulative home labour cost component in the final price. Most VAT-inclusive prices would, I *believe, stay within* 2 per cent below or above the old price.

If ERNIC were to be abolished, the zero rate of VAT increased to 10 per cent, the 15 per cent rate of VAT increased to 25 per cent, and rates, postal services, financial charges (other than interest), insurance (other than life), education and health ceased to be exempted from VAT and *become liable at 10 per cent*, I would expect VAT-exclusive prices of our products to fall by about 8.5 per cent, the cost of living to change by plus or minus 2 per cent, and prices of imported products to become up to 8 per cent dearer.

The UK labour content of imported consumer goods is probably about 15 per cent of the retail price. Imported materials *used in industry would* have a lower UK labour content at the time of delivery to the manufacturer. I guess that the UK labour content of the bulk of home production at point-of-sale is between 70 per cent and 80 per cent of the *retail price* net of VAT and duty.

Prices of imported consumer goods would increase by about 7 per cent (retail) and that *although the VAT-exclusive* prices of imported raw materials might be slightly lower home-produced raw materials would have a price advantage of about 7 per cent.

Clearly there would have to be some compensating adjustments to specific taxes if VAT rates were to be altered by such a large step. It would be fair to allow stockholders to write *ERNIC out of stocks held on the* eve of its demise and convert it into VAT input. An initial figure of ERNIC-VAT input could easily be allowed for by *applying a standard factor to* the last stock figure used to ascertain profits for taxation purposes.

To those who would ask: "*Why not abolish employees'* contributions as well?" I would reply: "Certainly, this could be done, but income-tax might have to go as high as 37.5 per cent, or VAT might have to go to 35 per cent."

P. R. W. Whyman.
Aller House, Chapel Allerton,
Axbridge, Somerset.

Multi-currency cheques

From Mr F. Hummel

Sir,—The facilities of British banks described by Mr Hall and Mr Hughes (August 27) still fall short of the facilities provided by my bank in Belgium.

Each cheque bears the Eurocheque symbol and is guaranteed up to the equivalent of BFr 5,000 (about £65) irrespective of the currency in which it is drawn; the multi-currency nature is further emphasised by *the fact that, in contrast to* cheques issued by most British banks, no currency symbol is printed on the cheque. These features may explain why such cheques appear to be more readily acceptable than cheques from British banks made out in a foreign currency.

Multi-currency *cheques* are particularly convenient for small amounts for which the issue of bank drafts is both cumbersome and expensive.

F. C. Hummel.
8, The Ridgeway,
Guildford,
Surrey.

Today's Events

GENERAL

UK: Mrs Margaret Thatcher, accompanied by Mr George Younger, Secretary for Scotland, begins two-day visit to Scotland—she opens an engineering works at Renfrew and tours a jeans factory at Cumnock.

Mass meeting of Liverpool dockers on pay.

Mineworkers' union organis*ation committee makes recom*mendations to executive on timetable for nominations for pithead ballot.

Executive meeting of Confederation of Shipbuilding and Engineering Unions.

Statement by International Aeradio and Civil Aviation Authority.

International Business and Light Aviation Show and Convention opens, Cranfield, Bedfordshire.

Announcement by London Weekend Television on Autumn *programmes.*

Overseas: United Nations General Assembly to discuss Namibia.

Nordic Foreign Ministers meet, Copenhagen.

Meeting of Australian Wheat Board—expected statement on estimate of current crop.

West German cabinet completes discussions on 1982 Budget.

OFFICIAL STATISTICS

Publication of July advance energy statistics by Department of Energy.

COMPANY MEETINGS

Amalgamated Distilled Products, Ladbroke Dragonara Hotel, Belford Road, Edinburgh, 12. Birmingham Mint, 75 Harborne Road, Birmingham, 12. Bristol Evening Post, Temple Way, Bristol, 12. H.P. Bulmer (Holdings), Green Dragon Hotel, Broad Street, Hereford, 2.30. Carclo Engineering, George Hotel, Huddersfield, 3. Ex-Lands, 25 City Road, EC, 12. Gold and Base Metal Mines, 25 City Road, EC, 12.30. *Great Portland Estates*, Cafe Royal, 68 Regent Street, W, 12. Hollis Brothers and ESA, Howard Hotel, Temple Place, WC, 12. Sheffield Refreshment Houses, *Kenwood Hall*, Kenwood Road, Sheffield, 12. Syltone, Post House Hotel, Leeds Road, Bramhope, 2.30. Tex Abrasives, George Hotel, High Street, Colchester, 12. R. Kelvin Watson, Alma Lodge Hotel, Buxton Road, Stockport, 12.

Babcock falls to £3.44m halfway but holds dividend

IN THE first half of 1981 pre-tax profits of Babcock International fell from £6.1m to £3.44m on increased turnover of £453.28m, compared with £407.86m.

The interim dividend of this engineering and contracting group is being maintained at 3.4p net per 25p share. Last year a total of 7p was paid on taxable profits of £15.24m (£32.05m) when turnover stood at £873.01m (£844.86m).

Sir John King, chairman, says business activity in many parts of the group continues to be affected by the worldwide recession. Although the general pattern of the recession has not changed over the past year, the group's UK markets for construction and mining equipment and automotive and industrial products have worsened as the Government's curbs on public-sector expenditure have progressively taken effect.

As a result, he says, further reductions in the number of people employed have been made, incurring additional redundancy costs. Efforts have been made to balance production to current demand without jeopardising the future of the business evolved. Where an early return to profitability was not foreseen units have been closed down.

Looking to the second half, Sir John says the total value of orders on hand at the end of June amounted to £1.13bn, compared with £1.04bn at the start of the year and £816m at June 30 1980. The figure does not include the order for Castle Peak "B" station in Hong Kong valued at about £200m which will be entered into before the year-end.

Since June 28 the Construction Equipment Group has received a £7.7m order to supply pavers and spares to Iraq. This equipment is required between September 1981 and April 1982 and will provide a good factory load during this period, compensating for low demand from other markets. In other parts of the group no significant changes will occur in levels of activity during the remainder of the year.

Sir John says there are, however, isolated indications in some areas that conditions may be starting to improve. The monthly values of uncompleted orders in many of the product businesses, including some of those worst affected by the recession, appear to have passed their lowest point.

The key sectors where an upturn in economic activity would have the most immediate impact on the group's results are the construction and mining industries in the UK and North American markets, though the timing of any recovery is as yet uncertain. Nevertheless by the actions taken and with the full support of staff and employees, the group will emerge from 1981 with its profit-earning potential enhanced, Sir John says.

Turning to the six months under review he says sales by UK companies of construction equipment, mining equipment and industrial products were respectively 22 per cent, 32 per cent and 43 per cent lower than in the first half of 1980 and the loss of earnings from these businesses was substantially greater than the overall decline in group trading profit.

Another factor adversely affecting trading profit was the absence of any contribution from the former Mexican subsidiaries which, following the sale of part of our shareholding to Mexican nationals in December 1980, are now associated companies.

The UK Power Group maintained the levels of activity achieved in the latter half of last year and was again the major profit contributor. Work on power station orders also enabled the process control business unit in the Industrial and Electrical Products Group to record higher turnover and profits.

Although Babcock Moxey was less active than in recent years, profits in the Mechanical and Process Plant Contracting Group were much improved on a lower turnover, due chiefly to better results in Babcock Woodall-Duckham and Babcock Hydro-Pneumatics. However, order intake in this group needs to recover substantially to sustain the current momentum in profitability throughout 1982, Sir John says.

Turnover in the North American Group increased 7 per cent in dollar terms, but without any corresponding increase in trading profit. Although the U.S. markets for industrial products are still depressed and fiercely competitive, action has been taken to recover eroded margins, but it will be some months before the benefits materialise.

Babcock Corrosion Control, a small but profitable company in the Mechanical and Process Plant Contracting Group, was sold to BTR in April.

SA Babcock Belgium which, due to an inadequate workload, had no prospects of operating profitably, was placed in the hands of liquidators on May 31. The spares and maintenance side of this business are to be transferred to a company sponsored by the Region Wallonne in which the group will hold 25 per cent of the equity. The profits and losses resulting from these disengagements are included as extraordinary items.

Due to the depressed state of the vehicle manufacturing sector, which has placed the whole of the foundry industry in a difficult plight, Gloucester Foundry was again unable to avoid serious losses. In July, it was decided to close it this month.

Interest costs at generally higher rates, especially on U.S. and Canadian dollar borrowings which constitute the major part of the group's indebtedness, were again a heavy burden on profits. As in 1980, the tax charge was high due to the inability to relieve tax on profits in some territories by losses incurred in others.

Cash flow in the UK operations was positive, but not sufficient to prevent some loss of liquidity throughout the group. Total indebtedness in sterling terms was £10m higher at June 28 1981 than at the start of the year, although most of this movement resulted from translation differences.

The balance sheet, however, remains strong with gains on translation of foreign currency assets exceeding losses on translation of foreign currency liabilities adding an amount in excess of £10m to the value of group net assets.

Pre-tax profits were struck after investment income of £188,000 (£10,000), net interest payable of £8.4m (£7.46m) and share from associates of £1.30m (£1.62m).

Tax took £2.5m (£3.6m) and after minority profits of £55,000 (£332,000 losses) and extraordinary debits of £125,000 (£1.49m credits) attributable profits emerged at £760,000 (£4.32m). Extraordinary items were made up of surpluses on disposals of £686,000 and closure costs of £811,000.

See Lex

HIGHLIGHTS

Lex looks at the contrasting results from two major composite insurance companies. Guardian Royal Exchange shows profits marginally higher while Sun Alliance is up by more than a half. Both, however, have increased their dividend payments considerably. Babcock International's half time profits slumped to £3.4m but the company has held the interim payout. Meanwhile the recently rescued Weir Group has produced a turnround out of the red for the first half of 1981. Finally Lex looks at the £40m convertible bond by Nippon Electric, the latest in a series of Japanese issues of convertible paper in Europe.

INTERIM RESULTS OF INSURANCE COMPANIES

GRE hit by losses in S. Africa

HEAVY LOSSES in South Africa in the second quarter, plus deteriorating results in Canada and Australia contributed to a very disappointing first half year result for Guardian Royal Exchange Assurance.

Underwriting losses more than doubled over the period from £9.1m to £21.8m, and pre-tax profits were maintained at £36.3m against £36m thanks to a near 30 per cent rise in net investment income from £41.4m to £53.7m.

Long term profits rose from £3.7m to £4.4m. A slightly lower tax charge resulted in after-tax profits advancing 4 per cent from £20.3m to £21.1m.

The interim dividend is improved 12.5 per cent from 6p to 6.75p on the share capital as increased by the one-for-four rights issue made in June of this year.

Premium income world-wide rose by 14.6 per cent from £388.4m to £445.2m. The effect of exchange rate movements has been to increase premium income by around £5.1m, investment income by £800,000 and the underwriting loss by £1.2m.

GRE's South African operations were hit by a series of major natural disasters in the period. Two serious floods in Port Elizabeth and East London resulted in gross claim payments of over £7m, while two very large fires in Cape Town and Johannesburg cost £5m gross.

The net underwriting loss on South African business was around £5m, a turnround from a marginal profit last year.

Underwriting losses in Canada quadrupled from £1m to £3.9m in line with the market conditions with an operating ratio of around 130. Australian losses tripled from £800,000 to £2.8m again in line with market trends.

In the U.S., however, the recent acquisitions are proving their worth with an improved underwriting profit of £1.7m against £1.3m, a result very much against the market trend.

The group's UK account showed underwriting losses halved from £2.6m to £1.4m. But this result is somewhat misleading since GRE reinsures much of its overseas business back at head office. The UK fire, accident and motor account had an overall underwriting profit of over £1m against a marginal loss last year, with premium income showing a satisfactory 16 per cent rise.

The group's large motor account—GRE being the second largest motor car insurer in the UK—showed a small loss over the period ahead of a rate increase on July 1. Other classes of business were operating mainly in profitable conditions. The marine account improved but still recorded a loss.

Underwriting losses in Germany were marginally lowered from £3.2m to £2.9m, with the restructuring of the portfolio still in progress. Elsewhere there was a deterioration in France, the Republic of Ireland, Brazil and Liberia. In the latter territory the group has ceased trading but is still experiencing losses on outstanding business.

Good new life and pension business in the first half was recorded by the group with annual premiums rising by one-quarter from £16.5m to £20.7m and single premiums by a similar amount from £10m to £12.7m.

Self-employed premiums were 50 per cent higher, while the linked life business showed a 200 per cent rise in single premiums to £4m and a near doubling in annual premiums to £400,000.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Babcock Int.	int.	3.4	Oct. 19	3.4	—	7
Cement-Roadstone‡	int.	2.3	Oct. 6	2.1	—	5.33
I. J. Dewhirst	int.	0.4	Nov. 27	0.34*	—	1.2*
Family Inv. Tst.	int.	2.4	Nov. 3	2.4	—	6
Guardian RE†	int.	6.75	Jan 6	6	—	15.5
Marchwiel	int.	2.4	Oct. 9	2.4	—	6
Nu-Swift	int.	0.93	Oct. 12	0.84	—	2.05
Phoenix Assce.	int.	7.3	Jan 4	6.5	—	14.9
Sun Alliance	int.	19.5	Jan 5	15	—	33
Weir Group§	int.	0.1	Dec. 29	nil	—	nil
Whitworth Electric		1.51	Dec. 15	1.31	1.51	1.31
H. Woodward & Son	int.	0.5	Oct. 16	0.5	—	2.2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Irish pence. § To preserve trustee status.

Sun Alliance rises sharply to £41m

PRE-TAX PROFITS up by more than 50 per cent from £26.4m to £41.1m are reported by the Sun Alliance and London Insurance group for the first six months of 1981. World-wide underwriting losses were almost halved at £8.6m compared with £15.2m, while investment income improved by one-fifth, from £38.7m to £46.6m.

A 70 per cent higher tax charge of £17.8m trimmed the improvement in profits attributable to shareholders which advanced by 48 per cent to £23.2m (£15.7m).

The net interim dividend is improved by 4.5p to 19.5p, which with the associated tax credit makes a gross equivalent of 27.857p, compared with 21.429p last year—an increase of 30 per cent.

World-wide premium income increased by 13.3 per cent in sterling terms from £313.1m to £354.8m, the underlying growth rate excluding the effects of changes in exchange rates being 11.5 per cent.

The UK business, which accounts for nearly 60 per cent of the total business of the group, had a very good result in the period, with an underwriting loss of £9.7m last year being turned into a profit of £6.8m this year.

The group is the leader in house buildings insurance and this account showed a very much better result. House contents account also recorded a much improved result, though theft losses in the major cities still causes problems. Losses on the motor account were cut from £3m to £2m, Sun Alliance putting up its premium rates on July 1.

The UK commercial accounts also improved considerably. The commercial property account was profitable, while experience improved in the liability business after years in which this account had shown poor results. Underwriting losses were incurred on marine and reinsurance business.

Premium growth in the UK was 11¼ per cent, a somewhat disappointing figure. The group is experiencing much more competitive conditions, especially in the commercial lines.

Underwriting losses in Europe were cut from £2.8m to £2m, and although experience generally remained unsatisfactory, there were improved results in Holland and Belgium.

The U.S. moved from a profit to a loss-making position, with deteriorating results in automobile and liability business contributing to the £1.7m loss. Losses in Canada more than doubled, from £900,000 to £2.2m, in line with poor market conditions, although there are signs that recent massive rate increases are sticking.

Elsewhere, business in Australia worsened considerably in line with the general market trend, with losses tripling from £1.8m to £5.9m. The increased loss was largely attributable to poor results in workers' compensation business. Results were mainly poor in other territories with some recording exceptional losses.

Satisfactory new life and pensions business was recorded by the group for the first half of the year. New annual premiums rose 14 per cent to £12.3m (£10.8m) with mortgage-related business showing strong growth. Single premiums were two-thirds higher at £8m (£4.8m) with self-employed pension premiums doubling to £1.4m. The group showed steady growth in its linked life business.

See Lex

Static first half for Phoenix Assurance

STATIC PRE-TAX profits in the first half of the year at £16.9m are reported by the Phoenix Assurance Company. A 41 per cent decline in underwriting losses to £13m compared with £9.2m, was offset by a 16 per cent rise in investment income from £24.7m to £28.7m. But a 50 per cent higher tax charge left net profits over 10 per cent lower at £8.4m, against £9.5m, with the earnings per share falling from 15.7p to 13.9p.

However, the company is lifting the interim dividend from 6.5p to 7.3p.

Overall premium growth in the period was 13 per cent, from £193.6m to £219m, the underlying growth allowing for currency fluctuations being 9 per cent.

The company experienced a deterioration in its U.S. results — in line with general market trends — with the underwriting loss dropping from £2.5m to £4.5m. The operating ratio worsened from 106.1 per cent to 109.8 per cent, of which the claims ratio was 79.3 per cent and the expense ratio 30.5 per cent.

However, conditions improved considerably in the UK with an underwriting loss last year of £4.5m being cut to £400,000. Commercial fire was profitable and household business, though still in a loss position, showed improvement. A second quarter profit in the motor business left this account in a marginal loss position. Competition in the UK remained fierce and premiums grew by only 10 per cent.

The company recorded a much improved result in Canada where losses in the second quarter were cut to £200,000 as large premium increases started to bite. Elsewhere, there were heavier losses in Australia and South Africa.

Satisfactory growth in new life and pensions business was recorded by the group with new annual premiums rising nearly 20 per cent, from £10.7m to £12.6m, and single premiums by 25 per cent, from £11.9m to £14.9m.

● comment

The first half results from Phoenix Assurance were even duller than the market was anticipating with static pre-tax profits and lower net earnings. Yet all is not gloom for the group. Its U.S. losses were more or less in line with the trend in that territory and will not get better this year. But the company has pulled round its UK business and this improvement should hold in the second half of the year. There is a glimmer of hope from Canada but Australia remains poor. The group should marginally improve on last year's £32m pre-tax profits and shareholders can look forward to a dividend rise to 16p. The share price shed 6p to 31½p offering a prospective yield of 7.3 per cent.

Walter Alexander says improvement indicated

MR WALTER R. ALEXANDER, chairman of coachbuilder Walter Alexander, says in his annual statement that the company's budgets for the current year indicate a modest improvement in group profits as compared with those reported.

In addition, he says the company is fortunate in having a strong balance sheet which will stand it in good stead in the development of the group. This will be the task during the next two or three years, which the chairman considered would be the most difficult period encountered in the history of the group.

As reported on July 29, pre-tax profits for the year to March 31 1981 fell from £3.31m to £2.26m. CCA methods reduce them to £1.57m (£1.63m).

Shareholders' funds at March 31 1981 were £19.52m compared with £17.75m, fixed assets £10.2m compared with £10.13m, and net current assets £4.17m (£5.38m).

Decrease in net liquid funds (cash and bank balances) was £488,000 compared with a decrease of £1.51m.

The meeting is to be held in St. Andrews, Fife, on September 25, at noon.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, September 1, 1981.

Contracting, Construction	+48.99	Other Consumer	+21.97
Other Industrial Materials	+38.95	Newspapers, Publishing	+21.17
Insurance Brokers	+37.44	Mining Finance	+20.95
Health and H'cehold Products	+36.78	Financial Group	+19.04
Packaging and Paper	+36.38	Brewers and Distillers	+17.58
Tobaccos	+35.13	Merchant Banks	+16.54
Building Materials	+34.64	Motors	+16.34
Textiles	+32.64	Office Equipment	+15.84
Capital Goods	+31.73	Investment Trusts	+15.39
Food Manufacturing	+31.53	Banks	+14.95
Leisure	+31.23	All-Share Index	+13.89
Electricals	+31.13	500 Share Index	+12.66
Hire Purchase	+29.38	Property	+11.19
Insurance (Life)	+29.32	Stores	+ 9.43
Insurance (Composite)	+27.74	Other Groups	+ 6.68
Engineering Contractors	+27.22	Overseas Traders	+ 0.21
Metals and Metal Forming	+26.83	Shipping and Transport	− 0.15
Mechanical Engineering	+26.49	Chemicals	− 1.75
Industrial Group	+23.81	Gold Mines Index	− 5.89
Consumer Group	+22.98	Discount Houses	− 7.37
Food Retailing	+22.36	Oils	−23.99

SPAIN

Sept. 2	Price %	+ or −
Banco Bilbao	367	
Banco Central	385	−3
Banco Exterior	412	
Banco Hispano	335	
Banco Ind. Cat.	120	−1
Banco Santander	395	−4
Banco Urquijo	234	+4
Banco Vizcaya	398	
Banco Zaragoza	272	+6
Dragados	215	−3
Espanola Zinc	78	
Fecsa	73.2	+0.7
Gal. Preciados	65	
Hidrola	85.5	+0.8
Iberduero	58.5	−0.5
Petroleos	125.7	+0.7
Petroliber	83	+1
Sogefisa	54	
Telefonica	85.7	−0.5
Union Elect.	60	−0.5

1980-81 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
113	100	ABI Hldgs. 10pc CULS	113	—	10.0	8.8	—	—
76	39	Airsprung	71	−1	4.7	6.6	11.3	15.6
52	21	Armitage and Rhodes	45	—	4.3	9.6	3.8	8.5
200	92½	Bardon Hill	198	—	9.7	4.9	9.6	11.7
104	88	Deborah Services	103	—	5.5	5.3	5.1	9.7
126	88	Frank Horsell	109	+1	6.4	5.9	9.8	23.7
110	39	Frederick Parker	64	—	1.7	2.7	27.6	—
110	54	George Blair	64	—	3.1	4.8	—	—
100	93	IPC	100	—	7.3	7.3	7.2	10.9
113	59	Jackson Group	106	—	7.0	6.3	3.3	7.5
130	103	James Burrough	126	—	8.7	6.9	9.2	11.6
334	244	Robert Jenkins	305	−1	31.3	10.3	4.2	10.8
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	187	Torday	187	−1	15.1	8.1	7.2	12.4
23	8	Twinlock Ord.	12¾	—	—	—	—	—
90	68	Twinlock 15pc ULS	75	—	15.0	20.0	—	—
56	35	Unilock Holdings	38	—	3.0	7.9	6.8	11.6
103	81	Walter Alexander	92	−1	6.4	7.0	8.1	10.7
263	181	W. S. Yeates	234	—	13.1	5.6	4.4	8.9

CORAL INDEX

Close 564-569 (unchanged)

OIL INDEX

October Refined $41.25
December Refined $42.25

THE TRING HALL USM INDEX

127.8 (−0.1)

at close of business 2/9/81

BASE DATE 15/11/80 100

Tel: 01-248 5676

De Beers leaves the Zaire diamond scene

BY KENNETH MARSTON, MINING EDITOR

THE WORLD'S *major* force in the diamond marketing scene, South Africa's De Beers Consolidated Mines, has finally bowed to competitive pressures and has *pulled* out of Zaire. The marketing monopoly for Zaire's important diamond production has been taken over by the country's state - controlled Sozacom marketing agency.

De Beers' Central Selling *Organisation*, which handles the pricing and marketing of over 80 per cent of world production of rough (uncut) diamonds, now sees the end of its 14-year exclusive purchasing concession for Zaire diamonds. All CSO rights and concessions there have been withdrawn.

The departure of De Beers was foreshadowed earlier this year when, seeking better terms for its sales, Zaire broke away from the CSO and began to sell a portion of its diamond production on the open market.

Sales were arranged with *independent diamond dealers*, Caddi and Glasol of Antwerp and Mr Jack Lunzer's Industrial *Diamond Company* of London's Hatton Garden.

So far four sales have been made, by-passing the CSO. The most recent was on Friday when some 504,300 carats from the Miba mine of Bakwanga Mining were sold to La Banque Commerciale Zairoise for approximately $4.6m (£2.5m).

Zaire's diamond production is mainly of industrial grade material which fetches around $10 per carat compared with prices reckoned in thousands of dollars per carat for the higher quality gem diamonds.

But the total value *of* Zaire's production is considerable. The country is the world's leading producer of industrial diamonds and its output last year is estimated at 14m carats (of which about 4m carats were reckoned to have been smuggled out of the country) compared with a total world production of gem *and industrial diamonds* amounting to 47.2m carats.

De Beers, *whose own mines* produced 14.7m carats last year and which is cutting output by about 5 per cent, now has to stomach the first major breakaway from the CSO since that of Ghana in the late 1950s.

Meanwhile, it has not yet been decided how the production of the Ashton joint venture in Western Australia *will be* marketed. Again, this will be mainly in the form of industrial stones and an annual capacity of some 22m carats is expected after full production starts in 1985.

Whether or not the market *will be able* to absorb this big new production remains to be seen. It has been assumed that, for practical reasons alone, the sales will be made via the CSO *which undertakes to buy* a guaranteed minimum quantity of *mine* production, stockpiling if necessary in order to regulate the flow of diamonds to match market demand.

But already resentment has been expressed in Australia at the prospect of the country's potential diamond production being controlled by the South Africans.

The Australian *opposition* party's shadow minister for Minerals and Energy, Mr Paul Keating, has criticised the Government for leaving the *marketing of diamonds to* the "whim" of individual companies and the "caprice" of De Beers and has called for export controls on diamonds.

Perhaps a solution to Australia's nationalistic desires might be found in a pattern already established elsewhere. This would mean the setting up of an Australian Government marketing agency which would tend to fall into line with the CSO selling policies but not be dominated by them.

While the Zaire breakaway has to some extent loosened the CSO's iron grip on the market, the selling organisation's main fear is that other producers might be tempted to follow suit in a quest for better prices.

Such a move however, might lead *to an uncontrolled* market developing against the background of depressed demand for diamonds and rising world production capacity. In the long run *this* would *seriously* harm the *higher* cost producers.

In fact, it was precisely to end chaotic conditions in the diamond market and give security to the producers by evening out supply-demand fluctuations that the late Sir *Ernest* Oppenheimer set up the CSO in 1930. And whatever its imperfections, the CSO remains the world's most successful commodity stabilisation scheme.

OIL AND GAS NEWS

Cooper Basin oil discovery

BY STEPHEN THOMPSON

ONE OF Australia's biggest onshore oil flows has been recorded by the Merrimelia No. 6 development well drilled in South Australia's Cooper Basin.

The well produced 54 degree API oil *at a rate of 2,700 barrels* a day from Jurassic Hutton sandstone between the interval 6,144 ft to 6,152 ft with a surface flowing pressure of 390 psi.

Interests in the well comprise; Alliance Oil Development, 50 per cent, Santos, 25 per cent, Delhi Petroleum, operator with 15 per cent, Vamgas, 5 per cent, *and* South Australian Oil and Gas Corporation, 5 per cent.

Merrimelia will be completed as an oil producer. The well previously flowed natural gas at a rate of 600,000 cubic ft a day from the interval 7,142 ft to 7,131 ft and gas at a rate of 670,000 cubic ft a day from the interval 7,088 to 7,102 ft.

The largest onshore oil flow in Australia was made in the Strzlecki No. 4 well—also in the Cooper Basin—which produced 3,250 barrels a day.

TESTS CONTINUE AT BLINA 1

Preparations for short and long term production testing of the Canning Basin Blina 1 oil discovery well are well under way according to Home Oil Australia. *Home* Oil holds a 27.5 per cent interest in the well which flowed oil at a rate of 907 barrels a day.

Home Oil says permanent production tubing has been installed for a short term test which will be limited by storage capacity. *Negotiations are* under way *for* sufficient storage capacity to facilitate a longer test which is unlikely to begin before October.

FIFTH WOODADA WELL SPUDDED

The fifth well to be drilled on the EP 100 Woodada Block in the Perth Basin of Western Australia has been spudded.

The well, Point Louise No. 1, with a target depth of 3,000 feet, is located on the Beagle Ridge, 28 km south-southwest of the Woodada No. 1 gas discovery. Strata Oil has a 26.95 per cent interest in EP 100.

CANADIAN GAS DISCOVERY

More gas has been found during exploration off Canada's Labrador coast, reports Robert Gibbens from Montreal.

Petro-Canada, the national oil *company, says the Bjarni* 0-82 well tested natural gas and condensate from intervals below the 7,000 feet level. The tests flowed from 3m to 4m cubic feet daily, except in one case where the flow reached nearly 6m cubic feet of gas a day.

The well, Point Louise No. 1, the drillship moved to another location to the north.

OTWAY BASIN OIL PERMITS

Australia's junior explorers Pan Pacific and Beaver Exploration have been awarded oil and *gas* exploration permits covering an area of 9,000 square km in the Otway Basin off the coast of South Australia.

The two companies have agreed to carry out a six-year exploration programme involving the drilling of at least five wells.

CULTUS PACIFIC

Australia's Cultus Pacific is not proceeding with the takeover bids for Canadian oil and gas companies Penn Energy and Justen Resources. *Cultus'* original offers for Penn and Justin were made on April 28.

However, because of long delays and technical difficulties in obtaining necessary Canadian regulatory approvals and the need for re-evaluation of the assets of Penn and Justen, the two companies advised Cultus *that it would not be in the* best interests of their respective holders for the bids to proceed.

Accordingly, Cultus has formally advised Penn and Justen that it will not *proceed* with the takeover bids.

Letraset tells shareholders to take no action on bids

THE BOARD of Letraset, the graphics company which is facing rival take-over bids from Mills and Allen International *and Esselte of Sweden*, yesterday advised shareholders to take no action on either offer.

Esselte, the Swedish office supplies and printing group, has made a £60m cash bid for the company after picking up some 10 per cent of Letraset's shares in the market last Friday. MAI's all paper bid, announced on July 8, is some £10m lower.

The Letraset board said the MAI offer, due to close tomorrow and currently worth about 114p a share, was now "clearly totally inadequate." But it pointed out that MAI did have the opportunity to revise the bid level in the light of the Esselte offer.

The board noted that last Friday Esselte offered to purchase up to 15 per cent of Letraset's shares in the market. In the event, it said, Esselte announced the acquisition of less than 10 per cent at a price of 140p and subsequently announced the intention to make a *full offer for the remaining* shares at that price.

The board said Letraset's chairman will write to shareholders in due course to advise them on the appropriate course of action and the company will prepare a profit forecast for the current year, ending next April, which will reflect comments made in the chairman's statement about the continued growth *in the graphics business*.

Letraset shares closed yesterday at 142p, unchanged on the day.

On Monday, Credit Suisse First Boston and S. G. Warburg *bought 100,000 Letraset shares* at 140p on behalf of Esselte. On Friday De Zoete Bevan an equal amount at the same price for Esselte.

GUS ACQUIRES 51% OF BROWN'S

Great Universal Stores has acquired *51* per cent *of* the capital of Brown's Operating System Services for £100,000.

This comprised a £75,000 payment to Mr G. G. Brown, the former majority shareholder and managing director of Brown's, for the transfer of part of his holding (satisfied by the issue of 15,957 GUS "A" ordinary *stock units*) and the *payment* of £25,000 to Brown's in respect of the subscription by GUS for further Brown's shares.

Brown's specialises in the development of computer hardware and software and has worked in close association with *the mail order division of GUS* for many years.

Mr Brown, who will continue as managing director, and his wife together hold the remaining 49 per cent of Brown's.

Beazer raises cash offer for Westbrick by 12p to 87p

C. H. Beazer, the property development and construction group, has raised by 12p a share its cash offer *for* Westbrick, the Exeter-based brick maker, and introduced a partial share alternative. The new cash offer values Westbrick at £3.7m.

Westbrick, which rejected Beazer's previous 75p a share cash offer as "totally unacceptable," made no immediate comment on the bid last night.

The latest Beazer offer is 435p cash for every five Westbrick shares or, at shareholders' election, two Beazer shares and 200p in cash. The Beazer shares to *be issued would include the right* to receive the final dividend of 4.6p a share which the Beazer board proposes to recommend for the year ended June 30.

The *cash offer* is *equivalent* to 87p per Westbrick share and values the company's issued share capital at £3.7m.

At Beazer's closing price last night of 129p, down 1p on the day, the company's share and cash alternative values Westbrick at £3.9m and each Westbrick share at 91.6p.

Full acceptance of the cash offer would involve payment of £3.3m in cash and *full* acceptance of the share and cash alternative would involve the payment of £1.5m in cash and the issue of 1.5m Beazer shares.

Beazer's opening bid for Westbrick received a poor response. *By the initial closing date of the* offer, last Friday, acceptances had been received from shareholders holding *only* 0.29 per cent of Westbrick's equity, and *Beazer extended the offer* to September 15.

Beazer's interest in Westbrick, together with acceptances, amounts to 11.8 per cent.

DAVY CORP.

Davy Corporation has acquired Wheelabrator - Frye Swindell Furnace Group for undisclosed terms in the U.S. Swindell had been a subsidiary of Pullman Inc., which Wheelabrator-Frye bought last year.

As a condition of that transaction, Wheelabrator agreed to divest itself of Swindell. Wheelabrator-Frye retains the other sectors of the old Swindell Dressler Inc. subsidiary.

Pergamon now has almost 20% of Solicitors' Law

MR ROBERT MAXWELL'S Pergamon Press has raised its stake in Solicitors' Law Stationary Society from nearly 15 per cent to just under 20 per cent. *The move follows a week of deals* by Pergamon in Solicitors' Law shares.

Shares of Solicitors' Law, the printers, publishers, and *stationers and suppliers of office* equipment, rose 1p to 29p in yesterday's trading.

Mr Maxwell's private company Pergamon repeated yesterday that its latest purchase of 575,000 shares was "an investment."

In a market manoeuvre last week Pergamon acquires 13 per cent of Solicitors' Law. Its purchase brought total holdings up to 14.98 per cent, a fraction below the 15 per cent now permissible by way of a market raid.

Pergamon's total holdings are 2,301,220 shares (19.97 per cent) after the latest purchase.

Earlier this year BPC, the printing group controlled by Pergamon, negotiated with Solicitors' Law, in which Thomson Organisation controls a 50.2 per cent shareholding, to buy its Oyez Press *subsidiary* but the £2m deal was finally called off.

TATE AND LYLE TO SELL FARROW

Tate and Lyle is to sell the Farrow irrigation division of Tate and Lyle Agribusiness to Wright Rain, a subsidiary of Birmid Qualcast on November 2. The move follows a decision by Tate and Lyle Agribusiness to cease manufacture of irrigation equipment in the UK and close its Spalding, Lincolnshire operation.

The closure, it was stressed, does not affect the international irrigation *consultancy* service provided by Agribusiness.

Wright Rain will purchase the business and goodwill of Farrow and stocks for a cash consideration *of approximately £400,000* payable over three years. The fixed assets of Spalding do not form part of the sale.

Wright Rain will continue to *manufacture in the UK*, market the range of Farrow equipment and provide service and spares for existing Farrow installations. Of Farrow's 72 employees about 10 will be *offered employment* by Wright Rain. The remainder will be made redundant.

Arbuthnot in £0.5m deal with Wilmot Breeden

Arbuthnot Engineering, which makes hardware for the motor industry, has bought the diecasting and merchandising assets of Wilmot Breeden from Rockwell International in a deal worth £550,000.

Arbuthnot currently sells 60 per cent of its products to Wilmot Breeden's merchandising division, which wholesales through a network of agencies at home and abroad. Wilmot Breeden's *diecast* products division is similar to Arbuthnot's but substantially larger.

The financial package was arranged by Industrial and Commercial Finance Corporation, which led a syndicate including Gresham Trust and National Westminster Bank.

ADP looks to U.S. market

Mr James Gulliver, whose extensive programme for the expansion of Amalgamated Distilled Products, the whisky distillers, comes before shareholders for approval today, said yesterday that he would like to do a major deal in the U.S. early next year.

First he wanted to strengthen the UK operations. He said yesterday: "I believe we can develop a substantial liquor group and do not see the need *for major fixed capital investment*."

BOC company in S.A. sale

African Oxygen, the 60 per cent-owned South African subsidiary of BOC International, has sold the mining, railway and engineering contracts divisions of its Dowson and Dobson subsidiary to Coalequip for R20m, spread over three years. Coalequip is jointly owned by Anglo American associate Boart International and Mining House Gencor.

African Oxygen has been considering selling the contracting *operations* for *some* years as they were not producing acceptable returns. In 1979 it sold D and D Electronics as part of a plan to concentrate increasingly on its major activities in gases and welding equipment.

SECURICOR GROUP AGREES TERMS

Securicor Group has agreed final terms with Wadham Stringer (a subsidiary of Tozer Kemsley and Millbourn) for the acquisition by Securicor of R. J. Bown and its subsidiary Treforest Motors, operators of a Ford car and truck dealership in the Pontypridd and Caerphilly area of South Wales.

Consideration of £1.8m is to be satisfied by the issue of 950,238 non-voting A ordinary shares of Securicor.

Following completion which is due to take place on September 4, a circular giving full details will be posted to shareholders. This will contain a forecast of the pre-tax profits of Securicor for the year to September 25 1981 *of* not less than £9.2m.

RENONG TIN

The Straits Trading Company has sold its entire holding in Renong Tin Dredging Company to Sparlstream Investments of Hong Kong for S$9.38m cash.

The holding consisted of 572,724 ordinary (40.9 per cent) and 25,000 preference shares (entire preference capital), which were all sold at a price of S$15.7 per share.

TAYLOR WOODROW

Taylor Woodrow announces that negotiations have reached an advanced stage for the sale of the business of its subsidiary Greenham (Plant Hire) to Scott Cranes Holdings, an Alfreton, Derbyshire, based plant hire and specialist heavy lift company.

A further announcement will be made on the completion of these arrangements which is expected around September 21.

Marchwiel makes strong headway during first half

TAXABLE profits of Marchwiel, the building and civil engineering holding company which includes the Sir Alfred McAlpine group of companies amongst its *subsidiaries, increased considerably* in the first six months of the year to April 30 1981.

The figures show a pre-tax profit of £3.84m compared with £440,000 in the same period of 1980 and £654,000 for the last full year.

A non-recurring profit of £1.1m has been included, which derives from the sale of the group's investment in R. Wild. Mr A. J. McAlpine, chairman of Marchwiel, says that the interim *figure last year was adversely* influenced by difficulties experienced in Sudan.

However, turnover is down at £104.29m compared with £120.57m and a total of £260.74m *for the whole year. Mr McAlpine* says that trading in the UK has, as during last year, suffered from *generally difficult conditions* and resultant low margins.

"In these circumstances it is *pleasing that the contracting* side has held its own," he says, "although some of the *subsidiaries have been affected by the* recession and our housing division is experiencing a difficult time."

The interim dividend is to be held at 2.4p net per 25p share, which will absorb £793,302. Last year a total of 6p was paid.

The South African subsidiary *Alfred McAlpine and Son (Pty)* is reported to have had a "most successful flotation" and is continuing to progress. *However,* the international division, although it has not suffered further losses in Sudan, is very short of work and cannot yet *cover its overheads.*

Mr McAlpine says that the second half of the year normally produces higher profits than the first and he hopes the group will achieve this again this year, even when the non-recurring profit obtained in the first half is taken into account.

He says that resources and cash remain strong.

At the post-tax level, profits show an improvement from £211,000 to £2.31m. The figure *for 1980 as a whole was £4.69m.*

● comment

Marchwiel has taken the first step on the road to recovery *after the* costly Sudan contract virtually wiped out last year's earnings. Liquidity has increased *considerably and the company* appears hopeful that earnings from the UK will be higher than last year. South Africa continues to perform strongly but it is likely that the international division will end the year in the red. The company is planning to expand its property interests, *particularly on the West Coast* of bte U.S. Diversification into open-cast mining in North America is also under consideration. The final chapter on Sudan has yet to be written and there may be some funds still to come. The company appears *confident second half earnings* will exceed that of the first so full-year profit of around £9m *is in sight. The shares shed 12p* to close at 136p where the prospective yield is about 6 per cent and the p/e, fully taxed, is 11.3 which discounts a relatively quick recovery to previous year's earnings.

LADBROKE RIGHTS 91.3% ACCEPTED

Acceptances have been received in respect of 91.3 per cent of the 20.17m shares of Ladbroke Group offered in a recent rights issue.

Weir back in profit with £3m at midterm

FOLLOWING ON its financial reconstruction announced in April, the Weir Group has reported a pre-tax profit of £3.08m for the 26 weeks to July *3, 1981, compared* with a loss of £2.42m for the same period last year. Turnover of this engineering concern *improved* from £77.87m to £80.05m.

The *group* sees no sign of an early recovery in UK demand but expects to maintain the improvement *in its trading performance* in the second half of the year.

For the 53 weeks ended January 2, 1981, Weir made a *loss before tax of £8.25m* and paid no dividend (1.8634p net). In April, the group warned that *it would only be able to pay* dividends when it returned to a sufficient level of profitability.

An interim of 0.1p net per share is now declared for the current year, in order to preserve the *trustee investment status of* the company's shares and debenture stocks.

During 1980 the group took radical action to bring production capacity and costs into line with the level of business. The measures taken were expected to *reduce its operating costs substantially,* while maintaining efficiency and adequate manufacturing capacity.

Close attention to the cash position together with the reconstruction, has led to a reduction in interest charges from £3.66m *to £2.84m* for the half year. Further reduction of debt remains a priority.

In addition to lower interest, the pre-tax result benefited from reduced redundancy costs of £397,000 (£1.54m) and a sharp increase in associates' contributions from £361,000 to £1.11m.

Tax charge rose from £1.05m to £1.5m and after minorities of £90,000 (£140,000) and extraordinary debits of £296,000 (£585,000), the attributable surplus emerged at £1.19m, compared with a £4.19m deficit.

Stated earnings per 25p share *were 5p (14.5p loss).*

Weir Pumps is now benefiting from actions taken in early years in respect of capital investment and staff reductions. As a result, it is making a substantial contribution to the improved trading results. The order book is *reasonable at present despite the* UK recession and highly competitive *markets overseas.*

Weir *Foundries* continues to suffer from under-utilisation of capacity. The recession has had a major effect on home markets, but the lower value of the pound against the dollar is leading to additional export orders from North America.

Weir Westgarth has made satisfactory progress on its current desalination contracts and is well placed to receive a substantial new contract.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually *held for the* purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—*British Petroleum*, Cadbury Schweppes, Charterhouse Group, Church, Derek Crouch, General Mining *Union Corporation*, Kode International, H. and J. Quick, Sharpe and Fisher, Stone-Platt Industries.

Finals:—Bogod-Pelepah, British Electric Traction, F. Copson, New Central Witwatersrand Areas, Stewart Nairn.

FUTURE DATES

Interims:—	
Aberdeen Construction	Sept 25
Appleyard	Sept 11
BTR	Sept 10
Bodycote International	Sept 22
Carpets International	Sept 25
Eagle Star	Sept 15
Fisher (James)	Sept 9
Nurdin and Peacock	Sept 8
Petrocon	Sept 9
Pritchard Services	Sept 9
Rosedimond Investment Trust	Sept 16
Sharna Ware	Sept 9
Tilling (Thomas)	Sept 8
Yorkshire Chemicals	Sept 10
Finals:—	
F and C Eurotrust	Sept 8
Grippenrods	Sept 14
HTV	Oct 1
London & Prov. Shop Centres	Oct 28
Standard Industrial	Sept 11

RESULTS AND ACCOUNTS IN BRIEF

MACARTHY'S PHARMACEUTICALS — Results for year to April 30 1981 reported July 28. Shareholders' funds *£21.09m (£18.85m); fixed assets* £5.33m (£5.14m); net current assets £17.37m (£15.09m). Mr A. R. Ritchie, chairman, says the board sees group *profitability* falling in the short term but it has confidence in the business's *future;* unlike competitors, group has wide *spread of activities and* is well placed to withstand pressures arising in any one sector. Meeting: Ingatestone, Essex, *September 24, 11 am.*

REXMORE (*fabric supplier and distributor*)—Results for the year ended April 3, 1981, and prospects reported July 29. Shareholders' funds £4.47m (£8.91m). Total current assets £14.75m (£18.26m), including stock £5.57m *(£9.24m) and bank and cash balances* £1.94m (£629,000). Net current assets £3.24m (£3.62m). Decrease in working capital £718,000 (£1.51m increase). Meeting: Liverpool, September 21, noon.

H. Ingram UK orders substantially up on 1980

MR HAROLD INGRAM, the chairman of knitted garment group Harold Ingram which supplies Marks and Spencer and British Home Stores, says in his annual statement that at present the UK order intake is substantially up on the same period last year, but overseas orders are about 50 per cent down.

He says this highlights the extreme exchange rate pressure with which the company is having to cope.

As reported on July 28, the company incurred a pre-tax loss of £215,214 in the year to April 30, 1981 compared with a loss of £113,035.

The knitting, dyeing and marketing divisions lost £78,322 after £162,699 profit on the sale of fixed assets and redundancy costs of £16,296. The transport division, London Parcels, incurred a loss of £136,892.

The consolidated balance sheet shows shareholders' funds as having slipped from £2.24m to £2.11m, fixed assets at £1.27m compared with £1.6m and net current assets were £1.36m against £1.28m.

The movement in net liquid funds shows a decrease in net cash balances of £295,744 compared with a decrease of £45,595 last time.

The remuneration of the chairman was £21,304 compared with *£17,814 and directors'* emoluments totalled £99,473 (£95,233).

Meeting, 21 Newman Street, W, *September 25, 11.30 am.*

Further reorganisation at Norton & Wright

FURTHER REORGANISATION has taken place at Norton and Wright Group in the current year and stringent economy measures have been introduced to reduce overheads, says Mr D. S. Rocklin, the chairman of this producer and distributor of lottery tickets, fund raising cards and schemes.

This reflects the continued *recession in the home market* which has resulted in a general decline in the sale of lottery tickets, he tells members in his annual statement.

However, the chairman is confident that the adjustment of labour levels to meet the reduced demand for products and also the introduction of new production techniques and methods will produce a marked improvement in the second half of the year.

For the year ended March 31, 1981, the group slumped from a pre-tax profit of £1.25m to a loss £43,466—as reported July 29. Turnover dropped from £7.45m to £6.6m, but exports rose almost 10 per cent to £1.63m (£1.49m).

The potential for the overseas market is as great as ever, says Mr Rocklin. Exports sales have increased during the current year to date as against the previous year and new markets have been secured.

The annual meeting of the company, which has "close" status, will be held in Leeds, on September 25.

RICHARDS & WALLINGTON

Mr Peter Padmore, joint receiver to the Richards and Wallington Group has indicated that prospects of surplus cranes flooding the second-hand market have now receded. Because of an agency error, yesterday's report incorrectly stated prospects had not receded.

UK COMPANY NEWS

Profit fall at Johnson Matthey Bankers

PRE-TAX profits of Johnson Matthey Bankers, the banking and bullion dealing subsidiary of the Johnson Matthey Group, fell by £2.8m in the year to the end of March 1981 to £11.63m.

Mr P. D. F. Varrall, chairman of the bank, refers to the previous year's boom period in bullion trading and says that the past financial year was one in which the fundamental progress and development of the bank was resumed.

Towards the end of the year the authorised share capital was increased to £50m and the issued share capital to £30m. The £10m increase in the issued capital was credited as fully paid by the capitalisation of reserve.

Mr Varrall says that a significant proportion of the consolidated profit continued to be derived from precious metal and base metal trading operations, but general banking operations have been expanded and their increase in contribution has outpaced most other activities.

The banking division continues to concentrate on the financing of imports, exports and third world trade and on the steady development of its industrial and commercial loan portfolios.

Mr Varrall says that the Hong Kong subsidiary has ben operating successfully for several years now. During the last quarter of the year a new subsidiary, Johnson Matthey Commodities Inc, began trading precious metals in New York, operating from its office in One World Trade Center.

The holding company Johnson Matthey has interests in the refining and fabrication of platinum metals, gold and silver and the production of a wide range of chemicals and light engineering products.

Subsidiary companies carry on activities in the ceramic industry, manufacturing liquid gold colours and transfers for pottery and glass trades, and pigments for plastics and paints.

The company acts as assayers for the Bank of England.

Banking, dealing and trading contributed 41 per cent of the total pre-tax profits of the group in 1981 and 26 per cent of turnover.

Cement-Roadstone moves ahead to I£14m midway

TAXABLE PROFITS of Dublin based Cement-Roadstone Holdings—Ireland's largest industrial company—rose 3.6 per cent from I£13.54m to I£14.02m in the 28 weeks to July 15, 1981, on turnover of I£176.6m, 14.5 per cent up on the I£154.26m last time.

Trading profits were up 13 per cent at £16.85m (£14.91m) but higher interest charges of £3.21m (£2.61m) and a lower share of associates' profits of £380,000 (£1.23m) reduced the percentage increase in the pre-tax surplus.

The interim dividend is being raised to 2.3p net (2.1p) per 25p share. Last year a total of 5.33p was paid on profits of £25.23m. Earnings per share are given as 7.82p (6.92p).

The directors say that in Ireland, recession continued to affect the construction industry, although the steep decline in volumes of the second half of 1980 was, in the main, halted. Cement home volumes were 1 per cent below the same period last year, while volumes of other products, on average, showed a similar decline.

Profits improved, aided by a rigorous cost control programme and by increased production at the Platin works which substituted the 149,000 tons of clinker/cement imported in the first half of 1980.

Construction of the major extension to the Limerick cement works has progressed well and is on budget in terms of cost and time, they say.

The group's magnesia venture Premier Periclase has begun its first full year of operation and made encouraging headway in obtaining market share.

However, the directors say price competition is severe reflecting depressed world demand. The manufacturing process is extremely energy-intensive and the market is solely export. Irish Government-imposed taxes on energy, which are not suffered by competitors, have added considerably to the venture's difficulties. A recently proposed reduction in these taxes is inadequate, they add.

A further deepening of the recession was experienced in the group's UK operations, particularly in Scotland, and profits declined.

The share of associated company profits was lower due to the completion of the profitable Calabar harbour project in 1980 and the very depressed state of the T. B. F. Thompson Group markets.

Van Neerbos in the Netherlands, aided by buoyancy in its do-it-yourself activities, recorded an increase in profits. Also, despite an overall unfavourable economic climate, the group's U.S. operations prospered, aided by their location in higher growth areas. The Concrete Conduit Company acquired in March, with operations in Washington State, Oregon, California and Arizona, is performing very satisfactorily, the directors say.

"Despite inflation and interest rates remaining relatively high in most of our markets, inhibiting economic growth, we are striving to make some profit progress for the full year," they add.

Tax for the half year is estimated to take £701,000 (£1.35m) and losses applicable to minority interests amounted to £547,000 (£247,000 profits). After extraordinary credits of £1.29m (£199,000) and preference dividends of £37,000 (same) the profits attributable to ordinary members emerged 25 per cent higher at £15.12m (£12.1m).

The group produces cement, asbestos, cement goods, sand, gravel, roadstone and tarmacadam.

• comment

Cement Roadstone has turned in another solid performance and looks set for a further year of profits growth, albeit on a modest scale. Despite a 1 per cent fall in volume in Irish cement, earnings from this division increased thanks to further import substitution and a 15 per cent price rise in March. Profits from the UK, particularly Scotland, were down but U.S. and Dutch operations both continue to flourish. Higher interest charges reflect the increase in borrowings to finance the extension of the Limerick cement works. The ratio of debt to shareholders' funds has risen from 26 per cent at year end to 33 per cent and is budgeted to rise to just under 50 per cent by the end of this year. The pattern of trading in the second half is likely to mirror that of the first, boosting profits to around I£26.5m. The shares at 81p are on a prospective p/e, on a 5 per cent tax charge, of about 7 and assuming a final dividend of 3.5p yield around 8 per cent.

Nu-Swift slips in the first six months

PROFITS BEFORE tax of Nu-Swift Industries, West Yorkshire-based manufacturer of fire extinguishers and extinguishing agents, declined from £640,000 to £599,573 in the six months ended June 30 1981.

With many uncertain factors and no signs "of any real upturn in the economy" the directors say it is impossible to predict with any degree of confidence the final outcome for the year as a whole.

However, although the surplus for the first half was down on the corresponding period it was higher than for the second half of 1980 when pre-tax profits of £450,000 were returned, making a total of £1.09m for the year.

Turnover for the half-year, down by only £523,000 to £6.46m, was achieved despite the continuing severe effects the recession is having on the group's wide range of customers.

Stricter all round controls, however, enabled the company to increase its profit earnings rate for the period to 9.3 per cent, compared with 8.1 per cent for the whole of 1980.

Tax was up from £182,000 to £270,000 and after extraordinary debits last time of £145,000 the attributable balance emerged at £329,000 (£313,000).

Stated earnings per 5p share before tax were 3p (3.2p) and after tax 1.64p (2.29p).

Having "successfully weathered" the last 18 months the directors are increasing the net interim dividend from 0.84p to 0.925p—a total of 2.95p was paid for 1980.

They say the group's underlying business remains strong and "the liquidity position has not materially changed." However, they point out that the group still needs to experience more buoyant trading in both the home and export markets before it can be confident of exceeding its earlier record sales levels.

It is hoped the launching in the UK last month of the Nu-Swift Harland range of stored-pressure valve-operated powder extinguishers will start to give home sales the volume increase the directors seek.

This range has also been launched overseas but the marketing in some countries will be delayed

Dewhirst up at interim stage

AS ANTICIPATED by Mr Alistair Dewhirst, the chairman, at the last AGM profits of I. J. Dewhirst Holdings improved in the half year to July 17 1981 the pre-tax figure emerging at £1.08m, compared with £911,000—a rise of 19 per cent.

Mr Dewhirst says there was a small false dawn during early spring but overall, trading conditions remained difficult during the first six months. He adds that present indications suggest trading conditions in the second half will remain similar to those of the first.

The chairman says that although the statement by the Chancellor of the Exchequer that the economy was on the upturn does not appear to have come through to the clothing industry, the company has adjusted to these conditions and is in a position to take advantage of limited opportunities as they arise. For the full financial year he anticipates the group "will make further progress."

Meanwhile the net interim dividend is being effectively increased from 0.3375p to 0.4p after allowing for the one-for-three scrip—for 1980-81 a total equal to 1.2p was paid from taxable profits of £1.94m.

Sales in the first half of the current year advanced from £10.22m to £11.62m, an increase of 14 per cent.

The pre-tax surplus included interest received of £146,000 (£92,000) and was subject to tax of £245,000 (£189,000 adjusted).

Stated earnings per 10p share edged ahead from 2.92p to 3.4p.

The chairman explains that the increase in interest received was due to higher cash deposits, which exceeded £3.5m at July 17.

The group, based at North Humberside, manufactures and wholesales clothing.

Yearlings total £13m

Yearling bonds totalling £13m at 14¼ per cent redeemable on September 2 1982 have been issued this week by the following local authorities: Manchester (City of) (£2.5m); Daventry DC (£0.5m); Kirklees Metropolitan BC (£0.75m); North East Derbyshire DC (£0.5m); Salford (City of) (£0.75m); East Staffordshire DC (£0.5m); Lancaster City Council (£0.5m); Llanelli (Borough of) (£0.25m); Wolverhampton (Borough of) (£1m); Barking and Dagenham (London Borough of) (£1m); Beverley BC (£0.5m); Grampian Regional Council (£1m); Northavon DC (£0.25m); Slough (Borough of) (£0.5m); Tonbridge and Malling DC (£0.25m); West Wiltshire DC (£0.5m); Adur DC (£0.25m); Cambridge City Council (£1m); Hartlepool BC (£0.5m).

South Northamptonshire DC has issued £0.25m of 14¼ per cent bonds for redemption on August 31 1983.

Whitworth Electric

AN IMPROVEMENT in pre-tax profits from £613,839 to £715,673 is reported by Whitworth Electric (Holdings), Hampshire-based wholesale electrical distributor, for the year to the end of March 1981.

Turnover is also up from £12.01m to £13.34m and an increased dividend for the year of 1.509375p is declared, compared with 1.3125p last time. Earnings per 5p share are stated at 17.7p compared with 15.6p.

After tax of £14,893 (£3,901 credit) and extraordinary debits of £660 (£110), attributable profits emerged at £700,120

H. Woodward down halftime

TAXABLE profits of H. Woodward and Son fell from £196,342 to £18,922 in the half year to the end of March 1981. Turnover was reduced from £6.4m to £5.18m.

A same-again interim dividend of 0.5p net will be paid per 12.5p share.

Tax took £9,840 compared with £102,100. This Liverpool company is a commercial vehicle distributor and bodybuilder, car dealer, industrial plant distributor, civil engineering contractor and metal fabricator.

The directors say they do not anticipate any significant improvement during second half.

LONDON TRADED OPTIONS

Sept. 2. Total Contracts 652. Calls 505. Puts 147.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	52	7	44	—	54	—	308p
BP (c)	300	23	16	32	—	42	—	"
BP (c)	330	10	52	22	19	—	—	"
BP (p)	350	46	—	48	1	—	—	"
CU (c)	160	17	4	20	5	24	5	165p
CU (c)	180	7	8	11	40	15	5	"
Cons. Gld (c)	460	53	—	78	—	90	1	515p
Cons. Gld (c)	500	35	5	60	—	70	1	"
Cons. Gld (c)	550	14	3	35	1	48	1	"
Court'lds (c)	60	7	—	10½	—	13	2	64p
Court'lds (c)	70	2½	—	5½	6	7½	—	"
GEC (c)	850	15	—	42	1	65	—	804p
Gr'd Met. (c)	180	26	1	35	—	40	—	200p
Gr'd Met. (c)	200	12	24	22	5	27	—	"
Gr'd Met. (c)	220	4½	—	14	6	17	1	"
Gr'd Met. (p)	200	9	—	14	2	18	—	"
Gr'd Met. (p)	230	23	10	25	—	26	—	"
ICI (c)	280	10	7	24	—	44	—	270p
ICI (c)	300	3½	—	14	3	32	—	"
ICI (p)	260	5	3	9	7	19	2	"
ICI (p)	280	15	49	18	—	14	—	"
Land Sec. (c)	312	33	—	41	3	26	—	337p
Land Sec. (c)	336	16	2	26	—	—	—	"
Mks & Sp (c)	120	20	—	26	2	30	—	136p
Mks & Sp (c)	140	5	1	10	7	17	—	"
Shell (c)	360	24	1	36	—	44	—	370p
Shell (c)	390	11	—	20	1	30	—	"
Shell (p)	360	13	10	15	—	22	—	"
		November		February		May		
Imperial (c)	60	6	28	9	—	9½	5	66p
Imperial (c)	70	1	3	3	2	4½	—	"
Lasmo (c)	500	64	2	90	3	—	—	532p
Lasmo (c)	550	37	2	65	—	80	—	"
Lasmo (c)	600	22	20	45	—	57	—	"
Lonrho (c)	80	7	14	10	1	12	1	85p
Lonrho (c)	90	2½	1	5	35	7	10	"
Lonrho (c)	100	1	60	2½	5	—	—	"
Lonrho (p)	80	3	53	4	—	5	—	"
Lonrho (p)	90	9½	—	11	14	18	1	"
Lonrho (p)	100	20	10	20	—	—	—	"
P & O (c)	110	12	—	18½	—	20	1	118p
P & O (c)	120	6	6	11	—	14½	2	"
P & O (c)	130	2½	—	4½	2	—	—	"
Racal (c)	460	36	21	60	—	73	1	485p
Racal (c)	500	18	18	38	—	50	—	"
Racal (p)	460	23	2	32	2	42	—	"
Racal (p)	500	48	—	58	2	65	—	"
RTZ (c)	550	45	14	87	—	100	—	564p
RTZ (c)	600	36	2	64	7	72	—	"
RTZ (c)	650	25	2	37	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	1	75	—	—	—	—	$431
GOLD C	$400	—	—	3	52	—	—	"
GOLD C	$425	9	38	—	—	—	—	"
GOLD C	$450	7	19	4	38	184	53 A	"
GOLD C	$475	11	13	—	—	—	—	"
GOLD C	$500	—	—	11	18	—	—	"
GOLD P	$425	—	—	—	—	1	21	"
		Oct.		Jan.		April		
AKZO C	F.22.50	70	3	242	3.80	—	—	F.23.60
AKZO C	F.25	70	0.80	165	2.20	—	—	"
AKZO C	F.27.50	—	—	195	1	—	—	"
AKZO P	F.22.50	—	—	13	1.20	—	—	"
AKZO P	F.25	39	1.70	—	—	—	—	"
AKZO P	F.27.50	—	—	10	4	—	—	"
AMRO C	F.55	10	1,10	—	—	—	—	F.53.60
KODA C	$60	—	—	10	1	—	—	$57⅜
HEIN C	F.45	58	6.90	—	—	19	8.20	F.52.10
HEIN C	F.50	118	3.50	66	4.50	17	6	"
HEIN C	F.55	14	1.20	41	2.50	—	—	"
HEIN C	F.60	11	0.70	—	—	—	—	"
HEIN P	F.45	14	0.40	—	—	10	2.20	"
HEIN P	F.50	49	2	—	—	10	1.40	"
HOOG C	F.20	—	—	—	—	—	—	F.16.40
KLM C	F.100	46	9 B	—	—	—	—	F.100.80
KLM C	F.110	64	4.60	—	—	—	—	"
KLM C	F.120	40	2.30	—	—	—	—	"
KLM C	F.130	75	1	—	—	—	—	"
KLM C	F.140	—	—	20	5.10	—	—	"
KLM C	F.150	37	0.30	—	—	—	—	"
KLM P	F.100	16	5.90	11	10	—	—	"
NEDL C	F.140	12	12.50	—	—	—	—	F.147
NEDL C	F.150	35	6.50 B	—	—	—	—	"
NEDL C	F.160	28	3	11	7.50	—	—	"
NEDL C	F.170	14	1.60	15	5	—	—	"
NEDL P	F.140	19	3.40 A	—	—	—	—	"
NEDL P	F.160	17	13.50	—	—	—	—	"
NATN C	F.120	27	2.50	11	2.50	—	—	F.116.20
NATN C	F.125	20	1.20	—	—	—	—	"
NATN P	F.115	50	3	—	—	—	—	"
NATN P	F.125	25	11	—	—	—	—	"
PHIL C	F.20	23	2.80	—	—	12	3.30 A	F.28.10
PHIL C	F.22.50	135	1	104	2.30	30	1.90	"
PHIL C	F.25	318	0.40	476	1.10	—	—	"
PHIL C	F.27.50	—	—	112	0.60	—	—	"
PHIL P	F.22.50	47	1	11	1.50	—	—	"
PHIL P	F.25	20	3	20	3.50	—	—	"
RD C	F.80	108	8	36	5.30	20	8.50	F.87
RD C	F.90	97	2.80	64	2.60	21	4.20	"
RD C	F.100	101	0.70	—	—	—	—	"
RD C	F.110	30	0.30	—	—	—	—	"
RD P	F.80	259	1.50	—	—	—	—	"
RD P	F.90	222	7	20	8	—	—	"
RD P	F.100	44	16	—	—	—	—	"
UNIL C	F.170	—	—	25	2.60 B	—	—	F.154
UNIL P	F.150	32	1.90	—	—	—	—	"
UNIL P	F.160	21	6.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 4720

A=Asked B=Bid C=Call P=Put

Unexpected downturn at Sandvik in first half

By William Dullforce in Stockholm

SANDVIK, the Swedish cemented carbide and steel group, yesterday reported an unexpected 43 per cent slide in first-half earnings to Skr 214m ($41m). Earlier this year the company saw only a "possibility of some diminution in trading profit."

Sales rose by 6 per cent to Skr 4.2bn ($807m) during the period, compared with the 10 per cent growth Sandvik had anticipated for 1981 as a whole.

The downturn in results is explained mainly by "the subdued state of trade in conjunction with a highly unfavourable trend in foreign exchange rates in Western Europe." The rising dollar rate has meant that the group has had to pay more for several important raw materials. The operating profit was thus down from Skr 513m to Skr 403m in the first half.

In addition, net financial outgoings climbed as a result of higher interest rates and increased foreign borrowing. Net financial costs rose by Skr 50m to Skr 189m.

The interim report notes no signs of "any worthwhile cyclical recovery" during the rest of 1981 and uncertainty but nevertheless some improvement in performance is expected. Projected earnings for 1981 are given as Skr 500m-600m, against Skr 746m recorded last year, the return on total capital employed sinking from 14 per cent to about 11 per cent.

Sales to Europe dropped 5 per cent with sales to the EEC countries, Sandvik's most important market, falling 11 per cent. Sales to the U.S. and Canada climbed 25 per cent and those to Latin America 35 per cent.

Sales of cemented carbide products, which account for well over half group turnover, increased by 7 per cent, but steel products declined 1 per cent.

Sandvik is maintaining a high level of capital spending. It expects to invest about SKr 725m this year against SKr 628m in 1980.

Group borrowing increased during the first half by SKr 372m, of which about SKr 175m was foreign borrowing needed to meet the requirements of the Riksbank (central bank) on the financing of investments outside Sweden.

Du Pont and Chargeurs Reunis sign asset deals

BY PAUL BETTS IN NEW YORK

DU PONT, the leading U.S. chemicals company which has just acquired the Conoco oil company in a record $7.6bn transaction, yesterday announced two preliminary agreements with the Chargeurs Reunis group of France.

The two separate transactions involve the sale by the French group of the agricultural chemicals business of its Seppic subsidiary to Du Pont and the sale by Du Pont of its cellulose sponge business to the French company's U.S. subsidiary, Pricel.

Du Pont did not provide any estimate of the value of the two transactions.

The deals reflect the chemical company's strategy to increase its presence in the high technology speciality chemicals sector and abandon some of its traditional mature businesses.

Du Pont said Seppic's agrichemicals division would give it a French distribution network which it did not previously have. Seppic is currently a major distributor of Du Pont agrichemicals in France.

Du Pont said it was selling its cellulose sponge business because it no longer "fitted" into the company. Du Pont has been manufacturing cellulose sponges for 50 years and although it once had substantial interests in cellulose it has over the years phased them out.

Pricel will buy Du Pont's cellulose sponge plant in Columbia, Tennessee.

Swedish ship group up by 50%

BY WESTERLY CHRISTNER IN STOCKHOLM

SALENINVEST, the Swedish shipping group, reports a pre-tax profit up by 50 per cent to SKr 180m ($34.3m) for the first half of the year, from sales 32 per cent higher at SKr 2.3bn. The earnings figure included exchange losses of SKr 22m.

For 1981 as a whole Mr Sture Odner, the outgoing managing director, predicts earnings before taxes will be around SKr 275m compared with the SKr 190m achieved in 1980 on turnover of SKr 3.5bn. Mr Odner will be succeeded by Mr Gunnar Rosengren, now managing director of Salén Dry Cargo.

The dry cargo operation, which had a strong first half, is expected to turn in a weaker result later in the year. Despite this, "earnings for the full year are expected to be very satisfactory," Mr Odner says.

Charter contracts already signed are expected to help compensate for slack dry cargo demand.

The Salén reefer services division is also expected to return healthy earnings for this year, while the market for tankers continues to be weak. The group's tanker operations are predicted to return an operating deficit for the final six months after the loss for the first half of the year.

The company is to make a one-for-one scrip issue which will take its nominal capital to SKr 150m and will follow this by splitting the shares into SKr 50 nominal units from SKr 100 units.

Malaysia to tighten SE rules

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government said yesterday it was studying amendments to the Securities Industry Act of 1973 with a view to extending its control over the management of the Kuala Lumpur stock exchange.

Under the 1973 Act, a Government-appointed Capital Issues Committee approves all rights issues, mergers and acquisitions, but the management of the exchange is left mostly to its members.

Dr Mahathir Mohamed, the Prime Minister, who announced the review, did not elaborate on the amendments. It is understood, however, that they would include tightening rules governing takeovers and mergers, accelerating the restructuring of companies under the New Economic Policy and providing tougher penalties for trading offences.

Dr Mahathir blamed the sharp plunge in the stock market—the New Straits Times industrial index has fallen from a peak of 1,250 points in June to 830 points on Tuesday—on excessive manipulation by syndicates. The decline was not a result of the investment climate, he said, pointing out that most companies were performing well and expanding.

The amendments to the Securities Act are expected to be introduced in Parliament next year.

● PUBLIC BANK, one of the two publicly listed Malaysian banks, has reported a rise in pre-tax profits in the half-year to June to 19m ringgit (U.S.$8m) from 7.9m ringgit. Profit after tax, contingencies and allocation to inner reserves was 130 per cent higher at 10.3m ringgit compared with 4.4m ringgit.

The best performance in the group was recorded by the bank itself, with pre-tax profit rising by 200 per cent from 4.6m ringgit to 14m ringgit. Its wholly-owned subsidiary reported an increase of 64 per cent in pre-tax profit from 1.6m ringgit to 2.6m ringgit.

The group attributed its growth to continued strong demand for loans and a marked increase in deposits. Loans increased by 37 per cent to almost 1bn ringgit, and total deposits rose by 32 per cent to 1.6bn ringgit.

An interim dividend will be declared at a later date. The bank opened two more branches in the six months under review, to bring its network to 16 branches.

Agip plunges into the red

By Rupert Cornwell in Rome

AGIP, Italy's state-owned oil production and refining concern, plunged heavily into the red in the first half of this year because of the lira's slide against the dollar and tightly controlled domestic petroleum prices.

The loss was L125bn ($104m), against a profit of L122bn reported for the whole of 1980, and reflects the "heavy imbalance between costs and revenues" on the current international and domestic oil market, Agip said.

Sales in the six months ended June 30 climbed 40 per cent to L6,991bn ($5.74bn), of which L6.05bn was oil products, and L843bn deliveries of natural gas. Investments in the period totalled L218bn.

Despite the difficulties so far this year, Agip is confident that it can break even or at least cut the losses significantly by year-end.

With the recently signed Saudi Arabian supply deal, covering 200,000 barrels per day for six months, Agip has already lowered the average price of the crude it purchases. It is also aiming to cut imports of the most costly oil, either by reducing shipments already scheduled or by renegotiating contracts in existence or about to be concluded. This will also help reduce Agip's current surplus of oil, estimated at about 5m tonnes on an annual basis.

Hongkong and Yaumati Ferry advances

By our Hong Kong Correspondent

NET PROFITS for the first half of 1981 at The Hongkong and Yaumati Ferry Company advanced by 124.17 per cent HK$20.4m (US$3.4m) which is only slightly less than the HK$20.7m for all 1980.

The growth in interim earnings is mainly attributable to increased income from property investments and interest earned on money received as part of a rights issue, says Mr Edmund Lau, the company's general manager.

An interim dividend of 5 cents per share has been declared compared with last year's 3 cents.

A large part of the increase in profits came from interest earnings on the first half of a HK$208m rights issue which was raised in February. This accounted for most of the HK$4.27m of investment profit, Mr Lau said.

The other major contributor was property investment which returned a profit of HK$6.1m. Profits from ferry operations were HK$5.7m most of which accrued from exchange gains arising from financing hovercraft purchases from Britain. The rest of the profit came from shipbuilding at HK$3.3m, and retailing, HK$1.1m. Turnover was HK$113m.

Hongkong Aircraft down

By Our Hong Kong Correspondent

MOUNTING LABOUR costs and high interest rates caused the Hongkong Aircraft Engineering Company, which is 50 per cent owned by the Swire group, to report a sharp decline in interim profits.

The company said that profits after tax for the six months ended June 30 fell 28 per cent to HK$12.4m (U.S.$2.1m) from HK$17.3m in 1980. This was despite an increase of HK$29.5m in turnover to HK$185.9m.

Mr Duncan Bluck, the chairman, said that although sales increased by 19 per cent in the half, profit margins continued to suffer from the worldwide recession in the airline industry.

The directors have recommended a 15 per cent dividend, unchanged from the previous year.

Mr Bluck warned that cost pressures and a recent wage award to the company's 4,000 employees could only result in a lower profit forecast for the full year. Operating profit in the first half fell by HK$9.2m to HK$19.6m.

Swiss watch industry cuts production

By Our Financial Staff

A NUMBER of Swiss watch manufacturers have introduced short time working until further notice.

Asuag, the largest Swiss producer, says around 10 per cent of its workforce will be working between 10 and 30 per cent fewer hours. In some factories, the reduction in worktime will be greater. The company says a worldwide drop in watch demand is affecting its rivals in America and Japan as much as the domestic industry.

GTE Finance plans $50m Eurobond

BY ALAN FRIEDMAN

A $50M Eurodollar bond issue is expected today from GTE Finance N.V., the financing vehicle for GTE, the second largest telephone utility in the U.S. The four-year issue carries a coupon of 16¼ per cent and will be priced at 99¼ to yield 16.43 per cent.

Each GTE note will also carry one warrant entitling the holder to purchase at par a $1,000 note to 1988 with a coupon of 16 per cent. A previous GTE issue carried a Moody's rating of B-AA.

The lead manager for the latest issue is Blyth Eastman Paine Webber.

The Eurodollar market was quiet yesterday, but bonds registered a small recovery of ⅛ after Tuesday's improvement on Wall Street.

Meanwhile, the $150m seven-year issue from Cities Service launched last Friday was reported to be doing very well. The issue was priced at par and in the secondary market the bid price was 98¼, providing a yield of 17.32 per cent. This is one of the highest known yields for a single A-rated new issue in the Eurodollar market.

In the D-Mark sector, bond prices improved by around ¼ point on the back of a firmer New York market. The DM 100m 10-year bond for the World Bank, launched by DG Bank on Tuesday, was priced at 99¼. The bonds carry a record 11 per cent coupon and yield 11.09 per cent.

In the Swiss franc sector, bonds shed ¼ point on continuing inflation and interest rate worries. On its first day of trading, the Gillette 10-year issue, which carries a 7 per cent coupon, dropped to 96 from its issue price of par.

Sanyo Electric of Japan, which has an issue on offer in the dollar sector, is tapping the market for SwFr 200m with a five-year convertible private placement through Credit Suisse. The coupon is indicated at 4¼ per cent and the conversion premium at around 5 per cent. In the public sector, SHV Holdings, the Dutch energy and trading company, has launched a SwFr 75m 10-year issue. The coupon, to be set tomorrow, is indicated by the lead manager, Union Bank of Switzerland, at 8 per cent.

Final terms have been set for two Japanese dollar convertibles. Fujitsu Fanuc has cut the coupon on its $50m offering by ¼ per cent to 4¼ per cent and the conversion premium was fixed at 4.96 per cent by the lead manager, Nikko Securities (Europe).

The conversion premium on the JACCS Company $25m issue was set at 6.28 per cent and the coupon is 5¼ per cent, as expected. Yamaichi Securities is the lead manager.

Perkin-Elmer shows gain

BY OUR FINANCIAL STAFF

PERKIN-ELMER, the U.S. maker of electronic analytical instruments, pushed up earnings from $20.02m to $22.64m in the final quarter of its year to July 31 on sales ahead from $280.98m to $296.62m.

At the per share level profits were 53 cents against 47 cents, but would have been 10 cents higher but for exchange losses as a result of the strengthening of the dollar. Last year earnings were lifted by 26 cents because of currency factors.

For the year net profits were $78.13m against $66.25m, or $1.81 a share against $1.67 after a currency loss of 21 cents compared with a gain of 6 cents. Sales totalled $1.13bn against $996m.

The adverse impact on earnings from the stronger dollar is expected to continue in the current quarter, but the company expects to achieve record sales and profits for 1981-82.

Strong growth at Royal Bank of Canada

By Robert Gibbens in Montreal

ROYAL BANK of Canada, the country's largest chartered bank, reports third quarter balance of revenue (earnings) of C$134m (U.S.$110m) or C$1.59 per share, against C$76.2m or C$1.04 a share a year earlier, on total revenue of C$2.9bn against C$1.8bn.

For the first nine months of the fiscal year ending October 31, balance of revenue was C$377.3m, or C$4.56 a share, against C$229.9m or C$3.14, on total revenues of C$7.4bn against C$5.3bn. Average shares outstanding were 81.9m against 73.1m.

Domestic operations showed a major improvement with earnings rising to C$90.8m in the third quarter from C$33.6m a year earlier. This growth came from a 33 per cent increase in assets and a near doubling of the return on assets.

Foreign operations brought in third quarter earnings of C$53.2m against C$42.8m, with the gain entirely accounted for by growth in assets.

The board increased the quarterly dividend by five cents a share to 45 cents.

Coke expects disposal profit

By Our Financial Staff

COCA-COLA COMPANY expects to record a third quarter after-tax gain of $29m, or 23 cents a share, on the previously announced sale of its Aqua-Chem subsidiary.

The unit will be sold to Societe Lyonnaise des Eaux et de l'Eclairage of Paris, a pollution control firm. Aqua-Chem, which makes steam generation boilers, water treatment equipment, had sales of $130m in 1980. Coca-Cola's 1980 profits were $422m on sales of $5.9bn. For the first half of this year profits were $229m, or $1.86 a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday, September 14. Closing prices on September 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	86⅞	87⅜	−0¼	−0⅞	16.81
CIBC 14½ 84	185	94½	95	−0⅛	+0⅛	17.05
CIBC 15¼ 86	75	96	96½	0	−0¼	16.38
CNA 15¾ 96	75	89¾	90¼	−0⅛	−1	17.11
CNE 12¾ 91	100	80⅜	80⅞	+0⅛	−0⅛	16.96
Citicorp Int. Fin. 15 86	150	95¾	96¼	+0⅛	−0⅛	16.26
Citicorp O/S 15½ 84	175	97⅞	98⅜	+0⅛	+0⅛	16.30
EEC 14¾ 93	65	89⅛	89⅝	0	−1¼	16.84
EIB 12¾ 89	75	83⅛	83⅝	+0¼	−0⅛	16.68
Eldorado 13¾ 86	50	89⅛	89⅝	+0⅛	−0⅛	16.69
Elec. de France 13 88	125	85⅜	85⅞	+0⅛	−0½	16.78
Fed. Bs. D. 15¾ 84 (J)	40	98⅛	98⅝	+0⅛	−0⅛	16.43
Fin. Exp. Credit 10½ 85	50	81⅝	82⅛	+0¼	0	17.31
Finland, Rep. of 9½ 86	100	76⅝	77⅛	0	−0⅛	17.19
Ford Cr. O/S Fin. 16 84	150	99⅛	99⅝	+0⅛	−0⅛	16.17
Ford Cr. O/S Fin. 16 85	150	96⅞	97⅜	+0⅛	−0⅛	17.06
Gaz de France 13½ 86	80	89⅜	89⅞	0	−0⅛	16.97
GMAC O/S Fin. 12⅞ 88	100	85¾	86¼	+0¼	−0¼	16.51
GMAC O/S Fin. 14¾ 87	100	92	92½	+0¼	−0¼	16.90
Genstar 14¾ 91	50	92⅞	93⅜	−0⅛	−0½	16.15
Hiram Walker 16 86	50	100¼	100¾	+0¼	0	15.77
IBM Wld. Trade 12½ 88	200	89⅝	90⅛	+0¼	−0⅛	16.01
IBM Wld. Trade 14¾ 84	100	99⅝	100⅛	+0⅛	+0⅛	14.73
IBM Wld. Trade 14¾ 85	60	98⅜	98⅞	+0⅛	−0⅛	15.21
Nat. Bk. Canada 15¾ 84	40	97⅛	97⅝	+0¼	+0¼	16.35
Newfoundland 13½ 90	60	86	86½	+0⅛	0	16.59
Nova Scotia 15 91	75	92½	93	+0¼	−0¼	16.51
Ontario Hydro 13½ 91	100	86¼	86¾	0	−0⅛	16.50
Pacific Gas Elec. 16 88	75	100⅜	100⅞	+0⅛	−0½	15.82
PSNH Int. Fin. 17 86	30	97⅞	98⅜	+0⅛	−0⅛	17.58
Queb. Hy. 13 91 (WW)	100	80⅞	81⅜	+0⅛	−1⅛	17.12
Royal Bk Canada 14 86	100	92⅛	92⅝	+0½	−0⅛	16.39
SNCF 13 91	75	84⅛	84⅝	−0⅛	−1⅛	16.30
Shell Canada 15¾ 91	100	97⅞	98⅜	0	0	16.13
Sth. California 14 87	50	93⅝	94⅛	+0⅛	−0⅛	15.66
Sth. California 14¾ 88	50	93⅞	94⅜	+0⅛	−0⅛	16.19
Sven. Handlsbk. 13¾ 88	45	88⅜	88⅞	+0⅛	−0⅛	16.65
Swed. Ex. Credit 13 86	75	87⅛	87⅝	+0⅛	−0⅛	17.26
Swed. Ex. Cred. 15¾ 86	50	95¾	96¼	+0⅛	−0⅛	16.97
Toronto-Dom. Bk. 14 84	50	93¾	94¼	+0¼	+0¼	16.89
Tribune O/S Fin. 14 86	50	91½	92	+0⅛	−0⅛	16.66
Wells Fargo Int. 15½ 84	50	97½	98	+0½	0	16.48
World Bank 14⅛ 86	500	92⅛	92⅝	−0⅛	−0⅛	16.75
World Bank 16 86	210	97½	98	−0⅛	−0⅛	16.64
World Bank 16 88	80	97½	98	−0⅛	−0⅛	16.61

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	94⅞	95⅜	0	+0⅛	10.89
Austria Rep. of 8¾ 92	150	84⅜	84⅞	−0⅛	−1⅛	10.70
CECA 7⅞ 92	150	83⅞	84⅜	−0⅛	−0⅛	10.34
CECA 10 91	120	97½	98	+0¼	+0¼	10.38
Cii-Honeywell 8⅜ 90	125	84⅝	85⅛	0	−0½	11.16
Council of Europe 10 91	100	96⅞	97⅜	+0¼	+0¼	10.49
EIB 8½ 90	200	87⅜	87⅞	+0¼	−0⅛	10.71
EIB 10½ 91	200	98¾	99¼	−0¼	+1	10.69
ESCOM 9¼ 87	100	89⅜	89⅞	0	−0⅛	11.72
Finland, Rep. of 10 89	100	96⅜	96⅞	+0¼	0	10.67
Iberduero SA 9 90	100	90⅜	89⅞	+0⅛	−0⅛	10.70
Ind. Bk. Finland 8½ 90	50	87½	88	0	0	10.67
Int.-Am. Dv. Bk. 10 91	100	95¾	96¼	+0⅛	+0⅛	10.67
Japan Air Lines 8⅛ 87	100	90⅜	90⅞	+0⅛	+1	10.25
Japan Dev. Bk. 7¾ 87	100	87¾	88¼	−0⅛	+0½	10.48
Kobe, City of 8 90	100	85	85½	+0⅛	+0⅛	10.62
Midland Int. Fin. 8½ 90	180	87¾	88½	+0¼	−0⅛	10.59
Nuclebras 9¾ 88	100	85⅞	86⅜	+0½	−0¼	12.83
OKB 8¾ 92	150	80¾	81½	0	−2½	11.35
Oslo, City of 8¾ 90	80	88	88½	+0⅛	−0⅛	10.90
Renault Acc. 10¾ 86	150	96⅝	97⅛	0	+0⅛	11.57
Venezuela, R. of 9¾ 90	150	92⅞	93⅜	−0¼	−0⅛	10.94
World Bank 8 90	700	84⅜	84⅞	+0⅛	−0⅛	10.78

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	91½	91¾	+0¼	+1	7.76
BFCE 6½ 91	100	92¼	92½	−0½	−1	7.66
Bayer Int. Fin. 5¼ 92	100	83¼	83¾	−6¼	−5⅛	7.50
Belgelectric Fin. 7¾ 91	100	97¼	97¾	−1⅝	−1¼	8.16
Bergen, City of 6¾ 91	40	95⅝	95⅞	−2	−1½	7.37
CECA 6¾ 91	80	94⅞	95⅛	−0¼	−0½	7.49
Denmark 5¾ 90	80	84	84½	−3⅛	−2⅝	8.36
Dome Petroleum 5¾ 91	100	90	90¼	−2¼	−2¾	7.22
Dome Petroleum 7¼ 90	100	99⅛	99⅜	−3⅛	−2⅝	7.37
Elet. de France 5¼ 90	100	80¾	81	−2⅛	−2	8.34
Eurofima 6¾ 92	80	93¾	94	−4⅞	−4⅞	6.54
Finland, Rep. of 5¾ 90	80	82¾	83	−2¼	−2	8.42
Franc. Petroles 6½ 91	80	90	90¼	−2⅛	−2⅛	8.01
Genstar 7 91	100	98¼	98½	−3¼	−2¼	7.23
Int.-Amer. Dv. Bk. 7 91	100	95¾	96	−2¼	−2¼	7.61
Japan Dev. Bank 5¾ 90	100	89	89½	−4	−4	7.41
Mt. Blanc Tunnel 5½ 90	80	84	84¼	−1	−0⅛	8.04
Neweg 5¾ 90	80	89¼	89½	−2¼	−2⅛	7.43
OKB 7 93	100	97	97¼	−2¼	−2	7.37
Oslo, City of 5⅞ 90	80	86¼	86½	−2	−1½	8.04
Philips Lamps 5¾ 92	100	82¾	83	−5	−4½	7.61
Swed. Ex. Credit 7¼ 91	75	94	94¼	−1	−0½	8.14
Trade Dev. Fin. 6⅞ 90	50	87¼	88¼	−1	+1⅛	8.08
Voest-Alpine 5¾ 90	80	84	84¼	−1	−1	8.31
World Bank 6 91	100	86¾	87¼	−4¼	−3	8.00
World Bank 7 90	100	97	97¼	−3	−2¾	7.48

Average price changes... On day −2¼ on week −2½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	96⅝	97⅝	0	−0⅛	8.69
Australia 6½ 88	20	84½	85½	0	−0¼	9.56
EIB 7¾ 93	12	93	94¼	0	0	8.90
Finland 6 8 88	10	84¼	85	0	−0¼	9.85
Finland, Rep. of 8⅛ 87	15	95⅞	96⅞	0	0	9.20
New Zealand 8⅛ 87	15	96¼	97¼	0	0	8.99

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	†82½	83½	−0½	0	15.85
CIBC 13½ 85 C$	50	†90½	91½	0	0	16.88
CIBC 11½ 85 C$	60	†84½	85½	0	+0½	17.07
Federal Dev. 11½ 90 C$	60	†75½	76½	0	0	16.89
Fst. Can. Inv. 10 84 C$	60	†82½	83½	−0½	0	16.45
R. Bk. Canada 10 85 C$	40	†82	84	−0½	−0⅛	15.28
Tordom Cpn. 13½ 85 C$	30	†92	93	0	+1	16.27
M. Bk. Dnmk. 9 91 EUA	25	82½	83½	0	−2¼	11.96
SOFTE 8¾ 89 EUA	40	79¾	81	−0⅛	−0⅛	12.36
U. Bk. Nwy. 9½ 90 EUA	18	88½	89½	−0⅛	−1⅛	11.80
Algemene Bk. 10¾ 86 Fl	60	92¾	93⅛	+0¼	0	12.32
Amro Bank 12 86 Fl	75	98⅜	98⅞	−0⅛	−0½	12.37
Heineken NV 10 87 Fl	100	90½	91	−0⅛	−1	12.29
Nat. Nedrlndn. 10 88 Fl	60	93⅜	93⅞	−0⅛	+0⅛	11.43
Ned. Midd. Bk. 10 85 Fl	75	93¾	94¼	+0¼	−0¼	11.95
Pierson 10¾ 88 Fl	50	91⅞	92⅜	+0⅛	+0⅛	12.64
Rabobank 12 86 Fl	50	98	98½	−0⅛	−0⅛	12.47
Air France 14½ 88 FFr	200	89	90	−0⅛	−0⅛	17.94
Bk. America 14½ 86 FFr	250	89⅜	90⅜	+0⅛	+0⅛	17.88
Charb'nages 13⅞ 85 FFr	400	87¼	88¼	+0⅛	−1	18.14
EIB 14¾ 88 FFr	300	85⅞	86⅞	−0¼	−0½	17.80
La Redoute 14¾ 85 FFr	125	85⅛	86⅛	0	−0⅛	19.31
OKB 14 86 FFr	400	87⅛	88⅛	+0¼	−0½	18.09
Solvay et C. 14¾ 86 FFr	200	90⅝	91⅝	0	−1½	17.65
Swed. E. Cr. 14¾ 88 FFr	250	85⅝	86⅝	+0¼	+0¼	19.29
U. Mex. Sts. 14 85 FFr	150	86⅞	87⅞	0	−1⅛	18.91
Acona 14 85 £	20	92½	93½	−0⅛	−0⅛	16.48
Beneficial 14¾ 90 £	20	83¼	84¼	−0¼	−0⅛	17.91
BNP 13½ 91 £	15	85⅛	86⅛	0	+0⅛	16.54
CECA 13½ 88 £	20	88⅛	89	0	−0⅛	16.28
Citicorp O/S 13½ 90 £	50	89⅜	90⅛	+0⅛	−0⅛	16.73
Fin. Ex. Cred. 13¾ 86 £	15	92¼	93	+0⅛	0	16.06
Gen. Elec. Co. 12½ 89 £	50	85⅞	85⅞	−0⅛	−0⅛	15.88
Hiram Walker 14¾ 86 £	25	93⅛	93⅞	+0¼	0	16.28
Privatbanken 14½ 88 £	12	90½	91¼	0	−0½	16.82
J. Rothschild 14¾ 90 £	12	92⅞	93⅝	+0¼	+0⅛	15.88
Royal Trustco 14 86 £	12	93	93¾	+0¼	+0¼	16.10
Swed. Ex. Cr. 13⅝ 86 £	20	92½	93¼	+0⅛	+0¼	16.09
Akzo 9¾ 87 LuxFr	500	88⅝	89⅝	−0⅛	−0¼	11.88
Euratom 9¾ 88 LuxFr	500	86¼	87¼	−0⅛	+0¼	12.67
Eurofima 10½ 87 LuxFr	500	88¾	89¾	+0¼	+0½	13.14
EIB 9¾ 88 LuxFr	600	85⅛	86⅛	−0¼	+0⅛	13.11
Volvo 9¾ 87 LuxFr	500	85	86	0	−0⅛	13.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅛	98⅝	18/12	16¾	17.01
BBL Int. 5 86	0¼	99⅛	99⅝	20/11	18.31	18.43
BNP 5½ 88	†0⅛	99¼	99¾	29/10	18.81	18.91
Christiania Bk. 5½ 91	†0¼	98½	99	5/11	19.19	19.43
Citicorp O/S Fin. 84	†0	99¼	99¾	30/9	19.19	19.28
C. Itoh 5¼ 87	0¼	99¼	99¾	18/9	15.44	15.52
Co-operative Bk. 6 88	0¼	99½	100	15/11	19.56	19.61
Den Norske Credit 6 90	†0¼	99	99½	5/11	19.19	19.33
Genfinance 5¼ 87	0¼	99	99½	30/10	16.94	17.07
Genfinance 5¼ 92	0¼	99	99½	30/12	18.31	18.46
Giro und Bank 5¼ 91	†0¼	98⅝	99⅛	23/9	19.06	19.28
GZB 5¼ 92	†0¼	98	98½	5/9	17¼	17.58
Ind. Bank Japan 5¼ 88	0¼	99¼	99¾	9/10	16.44	16.54
Lloyds Eurofin 8 90 £	0¼	96⅞	97⅜	6/1	13⅝	14.08
Lloyds Eurofin 5¼ 92	0¼	98⅜	98⅞	4/12	17.44	17.68
LTCB Japan 5¼ 86	0¼	99⅛	99⅝	13/12	17⅛	17.36
LTCB Japan 5½ 89	0¼	99	99½	16/1	18.32	18.46
Man. Hanov. O/S 5¼ 94	†0⅛	99⅜	99⅞	30/11	19⅛	19.45
Merrill Lynch O/S 87	†0⅛	100⅛	100⅝	9/11	19.06	18.88
Midland Int. Fin. 5¼ 92	0¼	98½	99	5/12	17⅝	17.88
Midland Int. Fin. 8 91	0¼	98½	99	30/10	16.81	17.03
Nacional Fin. 6¼ 88	0¼	98⅞	99⅜	25/1	19⅛	19.42
Nacional Fin. 5½ 88	0¼	97¼	97¾	25/9	14⅞	15.26
Nat. Bk. Canada 5¼ 88	0¼	98¾	99¼	24/9	14½	14.65
Nat. West. 5¼ 94	§0¼	98¼	98¾	14/10	16.19	16.43
Nat. West. Fin. 5¼ 91	§0¼	98½	99	15/1	18⅛	18.35
Nat. West. Fin. 5¼ 92	§0¼	98¼	98¾	23/10	16.81	17.07
Pemex 6 91	0¾	97¼	97¾	8/10	15.31	15.73
Societe Generale 5¼ 91	0¼	98¾	99¼	22/1	18⅛	18.31
Sparebanken 6 87	0¼	97⅞	98⅜	19/12	16.81	17.13
Svenska Hndlsbk. 5 87	0¼	99½	99⅞	15/1	18⅛	18.26

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	86¼	87½	−2	−3.97
Bow Valley Inv. 8 95	4/81	23.12	103⅞	104⅞	+2¼	12.78
Canon 6¾ 95	1/81	829	155¼	156¾	−14⅛	−6.39
Credit Suisse 4¾ 93	10/79	1236	84	86	0	7.42
Digicon Fin. 8½ 96	10/81	29.5	†99	100	−10½	9.20
Fujitsu 5½ 96	7/81	732	102¾	103¾	−3⅛	−2.37
Furukawa Elec. 5¾ 96	7/81	300	108	109	−2¼	−4.39
Hanson O/S Fin. 9½ 96	6/81	2.74	88½	90	−0½	−0.28
Hitachi Cred. Cpn. 5 96	7/81	1966	86⅞	86⅞	−3⅛	−3.70
Ina Overseas 8¾ 2000	4/81	42	97	98½	0	−2.56
Inchcape 8 96	2/81	4.55	67¼	68	−0½	6.02
Kawasaki 5¼ 96	9/81	229	97½	98¼	−2½	−22.06
Marion Int. Fin. 9 95	12/80	16.5	75	76½	+0⅛	45.73
Marui 6 96	7/81	801	88	89	−1	−1.39
Matsushita El. 7½ 95	11/80	590	84⅛	85½	−1¼	−5.22
Murata 5¼ 96	7/81	2180	98¾	99½	−0¾	−6.16
NKK 6½ 96	7/81	188	114½	115½	−2½	32.35
Ricoh 6⅛ 95	6/80	604	134	135	−8¼	−7.82
Sumitomo M. Ind. 7 95	2/81	181	143¾	145¼	−4½	−6.29
Swiss Bk. Cpn. 6¼ 90	9/80	200	74½	76½	0	43.65
Taylor Woodrow 8¾ 90	1/81	4.94	90	91⅛	−2	2.57
Transco Int. 6¾ 95	2/81	66	76¼	77¾	+0⅛	17.96
Tricorp 8½ 95	12/80	31.25	85	86½	+0⅛	33.15
Union Bk. Switz. 5 89	2/80	70.79	72½	74½	0	31.37
Sharp Cpn. 6½ 88 DM	9/80	595	188⅞	189⅞	−4⅛	−3.11
Uny Co. 6½ 85 DM	11/79	879.3	110⅝	111⅝	+0⅛	2.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Stewart Fleming on the confused outlook for West Germany's banking law reforms

Bankers split by regulation deal

WEST GERMANY'S private banks registered a resounding political and commercial victory with the announcement last month of a "Gentleman's Agreement" with the banking industry's regulators which appears to remove the immediate prospect of a far-reaching reform of the German Banking Law.

Yet, while the big banks, such as Deutsche Bank, and the smaller private banks managed to secure a voluntary agreement that was in many respects tailor-made for them, their main competitors, the publicly-owned savings banks and the hard-pressed Landesbanks, have been left floundering.

These banks, which command some 38 per cent of the total domestic banking market, have been forced into the position of saying that they will not supply the Federal Banking Office and the Bundesbank (the Central Bank) with the same new information which the private banks will be giving, even though that information is to be kept confidential.

This is doubly embarrassing for the publicly-owned banking groups. If they stick to their decision they will have taken the position of denying the banking regulators information which the regulators themselves have made clear they need in order satisfactorily to monitor the banking industry's performance.

Yet if the decision of the commercial banks to reach a voluntary agreement proves to be the shrewd political manoeuvre it promises to be, so that new legislation to reform the banking law is pushed even further into the future, then the savings banks will have been denied the opportunity of increasing their capital base on privileged terms which only action in the Bonn parliament can bring about. Without such changes the savings banks' competitive position could be further weakened.

No wonder therefore that the Savings Banks Association is stoutly maintaining that it intends to press ahead with demands for legislation. It is *pinning* its hopes on a bill sponsored by the state of Baden-Wurtemburg which is going through the Bundesrat, the Upper Chamber of the Parliament. The Bill would permit the savings banks to increase their capital by 35 per cent on the grounds that this is the value, in terms of legally defined capital adequacy ratios, of the unrestricted guarantees they have from their local authority owners.

No wonder either that the fast growing and consumer-*oriented co-operative* banks, *in* many respects the direct competitors of the savings banks, have gone along with the "Gentleman's Agreement." They already enjoy the privilege of being able to count uncalled capital when calculating the legally established ratios which demand that banks must not increase their loans beyond a *total of 18 times their capital* base.

There is little doubt, however, that *if* the commercial and private banks' basic judgement is justified, and the Gentleman's Agreement removes the threat of legislation, then this segment of the banking *industry* will have succeeded in at least postponing the introduction of new laws which, it fears would weaken both its domestic and international competitive position. Plunging profits have already forced the big German commercial banks (with the possible exception of Deutsche Bank) onto the defensive, forcing them sharply to curb the dramatic growth rate of the past *decade*.

What is particularly striking about the voluntary agreement

> **The *Landesbanks* and the publicly-owned savings banks have been deeply embarrassed by the "Gentlemen's Agreement" on disclosure reached recently between the Federal Republic's bank regulatory authorities and the major commercial banks**

is that only four months ago the President of the German Bankers Association had apparently hoisted the white flag and publicly accepted the need for a reform of the banking law in order to provide for consolidation of banking subsidiaries.

The banking supervisors were *demanding this step* because of the growing risks of international business and the private banks' own moves to sidestep the strict German banking law. That law places a firm limit of 18 times capital *on* the expansion of balance *sheet assets*. But *this only* applies to the German parent company and its overseas *branches:* partly owned *subsidiaries*, in particular mortgage banks in Germany and foreign subsidiaries in such places as Luxembourg, are not restricted. The German banks have been using these subsidiaries as the vehicle for their dramatic international growth. By common agreement among international bank regulators, such growth cannot be left unsupervised at a time of mounting risks in international financial markets.

Having first conceded the *principle of legislative reform*, the private banks seem to have realised in the middle of this year that the political tide had turned. The judgment appears to have been made that the politicians in Bonn were more preoccupied with Germany's economic and budgetary problems than with the banking industry and particularly with *those elements of Banking Law* reform (other than consolidation of accounts) aimed directly *at curbing the private banks'* political and economic power.

It was, for example, feared that legislative reform would put limits on the commercial banks' freedom to hold big equity stakes in German companies and on their freedom to vote the *shares owned by their customers* but managed by the banks. The private banks could also see that the bank supervisors had little interest in these politically motivated reforms, particularly at a time when many banks have been weakened by dismal profits performances. The Federal Banking Office for example is *especially worried about* the private banking sectors' inability to put aside adequate reserves to cover loan loss risks.

With these tactical considera*tions in mind the private sector* banks went ahead this summer, without the support of the Savings Banks Association, with an effort to reach voluntary agreement with the banking supervisors on consolidated accounts.

This was signed at the beginning of August. As a result, the bank supervisors will, on a quarterly basis, get much (though not all) of the information they want about unconsolidated subsidiaries—names of individual borrowers will not, for example, be submitted.

Thus, for example, only almost wholly owned sub*sidiaries* are covered (an important concession from a domestic point of view). The issue of shareholdings in industrial companies, is of course, completely avoided since action on that could only be taken in Bonn.

The Bundesbank has emphasised that legislative reform will ultimately be necessary. The commercial banks *hope it can* be postponed until profitability is better, and perhaps even until a more amenable Government is ruling in Bonn. They can hope, too, that by the time legislation comes around they will have developed a basis of *voluntary regulation with the* bank supervisers to the extent that the politicians will be presented with a virtual *fait accompli* — to endorse banking industry reform based on rules the private banks and bank regulators have worked out *together*.

Bridgestone Tire seeks cover for Iran debt

By Charles Smith in Tokyo

JAPAN'S Bridgestone Tire Company has asked for compensation *from an investment insur*ance fund operated by the Japanese Government on an overdue instalment of a loan to its Iranian tyre manufacturing joint venture, Bridgestone Iran Company.

The unpaid loan instalment, amounting to Y1.7bn ($7.39m) fell due at the end of 1980. It forms part of a loan which originally amounted to Y5.4bn and of which Y4.3bn is still *outstanding*.

Bridgestone waited until the end of June before requesting compensation from the insurance fund (which is operated by the Ministry of International Trade and Industry). Its application is still being considered.

Bridgestone Iran Company is 45 per cent owned by Bridgestone Japan with a further 5 per cent shareholding held by the Japanese trading concern Marubeni Corporation. The remaining 50 per cent of the shares are held by Iranian interests which also now control the company's management.

Bridgestone's application is believed to be the first case in which a Japanese company has tried to draw compensation from the MITI fund on an Iranian loan or investment.

The possibility of an application for compensation by the companies involved in the huge Iranian petrochemical project sponsored by the Mitsui group has been discussed in the Japanese press over the past two days (following the assassination of the Iranian President and Prime Minister). A MITI spokesman yesterday said however that it was not ready to pay insurance on the petrochemical project.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	25.8.81	1.9.81	AVERAGE YIELD	25.8.81	1.9.81
DM Bonds	88.73	88.38	DM Bonds	10.607	10.680
HFL Bonds & Notes	90.80	90.31	HFL Bonds & Notes	11.516	11.624
U.S. $ Strt. Bonds	82.29	81.75	U.S. $ Strt. Bonds	14.218	14.361
Can. Dollar Bonds	80.38	80.01	Can. Dollar Bonds	14.573	14.653

State aid provided for Ercole Marelli

By Rupert Cornwell in Rome

THE Italian Government has stepped in with L120bn ($100m) of aid for Ercole Marelli, the troubled electrical engineering group which has recently been facing severe financial difficulties.

The funds have been allocated by CIPI, the Government's industrial policy committee, on a standby basis until more permanent assistance can be made available under the delayed law to aid industrial restructuring in Italy.

Under the new arrangements, Ercole Marelli will be able to use the State as guarantor for financings up to the ceiling of L120bn. The Government's aim is to reduce the uncertainties over Marelli's operations which have cast a shadow over its activities in recent months.

The company yesterday underlined that its position *was basically healthy. Although* some sectors were in obvious trouble, orders in hand totalled between L250bn and L300bn, a level which the company deemed "more than satisfactory." Ercole Marelli also announced a new order worth *L10bn for turbogenerators* at the new Neyveli power station in India.

Currently 700 of the group's workforce, which totalled almost 6,000 at the end of 1979, are on State-subsidised layoff.

Nationale-Nederlanden ahead

BY OUR FINANCIAL STAFF

HELPED BY the strength of the dollar, Nationale-Nederlanden, Holland's largest insurance group, increased profits for the *first half of 1981*.

On revenues a fifth higher, net profits rose by 13 per cent *to Fl 173.5m* ($64m) and *the* company is lifting its interim dividend to Fl 3.40 a share from Fl 2.90.

For 1981 as a whole, Nationale-Nederlanden expects net profits to rise by a tenth. Last year earnings totalled Fl 355m, *from which a total* dividend of Fl 6.75 a share was paid.

The company gets around half of its premium income from *outside Holland and the* strength of the dollar has plainly played a leading part *in pushing up revenues*.

For the half-year revenues rose by 21 per cent to Fl 4.7bn, but without currency factors the percentage gain is limited to less than 11 per cent. On the same basis net profits have grown by under 10 per cent.

Earnings from life insurance rose by 25 per cent to Fl 157m and from professional reinsurance and investments by 22 per cent to Fl 81.8m. Non-life *insurance income fell by 19 per* cent to Fl 50.9m.

The improvement in the life insurance sector reflected contributions from business both in the Netherlands and abroad. The decline in non-life results was relatively more pronounced on the international side.

Earnings per share for the half-year were Fl 10.24, against *Fl 9.46*.

KBB goes into red in first half

BY MICHAEL VAN OS IN AMSTERDAM

KBB, the leading Dutch department stores group, plunged into losses in the first *half of this year. The directors* blame the development on the deteriorating economic situation in the Netherlands.

The pre-tax loss totalled Fl 9.8m ($3.5m) compared with a pre-tax profit of Fl 7.5m in the first half of 1980.

The directors said that the result in the second half would show an improvement, partly because traditionally it is a better period for business, and also because of the impact of reorganisation measures taken earlier. Analysts believe, however, that KBB will remain in loss for the full year.

In the first half, interest charges rose by more than Fl 10m to Fl 29.9m and depreciation was up more than Fl 4m to Fl 23.6m. Trading profits in fact declined by only 4 per cent to Fl 42.2m.

The company said that the first half rise in sales—up 13 per cent to Fl 1.48bn—clouded the real picture. Most of the increase was accounted for by expanded floor space and half of the increase was attributable to the incorporation of sales of the U.S. department store, Macks. Taking this and the effects of inflation into account, the volume of sales had fallen by 3.7 per cent in the first half.

On the economic setbacks, KBB said the company was confronted with a larger than expected decline in consumer spending, which resulted in fierce competition in the retail trade forcing down prices. In June, the company had fore*cast that this year would end* with a profit, even if it were "down on last year's" (Fl 8.9m).

Peak mid-term earnings at Sage Holdings

By Jim Jones in Johannesburg

SAGE HOLDINGS, the South African investment company, made a record pre-tax trading profit of R5.39m ($5.7m) in the *six months to June 30. Last* year first-half pre-tax profit was R3.52m while the full year pro*duced R9.11m*.

During the six months, Sage made an unsuccessful bid for the investment holding company, Unisec. The outcome was that Sage acquired about 20 per cent of Unisec's equity at a total cost of R22m. The contribution by way of Unisec dividends in the half was about R670,000.

Each of the company's major divisions increased its contribution to profits. Home building and land activities substantially strengthened profits, despite *continued shortages* of materials and skilled labour and a tightening in the supply of mortgage financing. The management foresees a continuation of the progress.

In the life assurance field, Ned-Equity increased net prem*ium receipts by 45.4 per cent* to R17m, and has promised an increased distribution for the year.

An interim dividend of 8 cents a share has been declared from first half earnings of 16.93 cents a share. Last year, the interim dividend was 6 cents and first half earnings 11.05 cents a share. The year to last *December 31* resulted in earnings of 31.2 cents and a total dividend of 20 cents a share.

Wereldhave assets

The Dutch property group, Wereldhave, had a net asset *value of Fl 136.97 ($50) a share* at the end of June, and not Fl 3.25 as wrongly stated in last Friday's article.

AEG and Bauknecht plan electric motors venture

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN and Bauknecht, after Siemens the largest *manufacturers of electric* motors in West Germany, are seeking the approval of the Federal Cartel authorities for plans to integrate their activities in this sector.

It is still not clear what form the co-operation will ultimately take, but Bauknecht favours a new joint venture company, in which it and AEG would each hold a 50 per cent interest.

Both AEG and Bauknecht have sales in this sector approaching DM 400m and a joint workforce of around 7,000. *AEG said* yesterday that four of its works employing about 4,500 could be brought into the venture. Two of the plants are in West Berlin and the others are in Oldenburg and Tarrasa, Spain. They manufacture electric motors for a range of uses from industrial machinery to household appliances, car parts and typewriters.

Apart from the joint venture, the two companies are also examining forms of co-operation such as the exchange of pro*ducts and joint product* development.

For Bauknecht the joint venture could take in its motor works at Waizheim, near Stuttgart, Tübingen and Spielberg, Austria.

The move is the latest of a *series of steps undertaken by* AEG-Telefunken to secure co-operation agreements with other electrical groups, as part of its attempts to staunch the huge losses run up in recent years and to maintain a presence in electrical goods markets.

In other areas it *is seeking* to co-operate with JVC of Japan, Thomson-Brandt of France and Thorn-EMI of the UK for the manufacture of video recorders and other *video products*.

The West Berlin-based Cartel Office is now carrying out market analyses to establish how far competition would be hit by an integration of the AEG and Bauknecht interests.

Near quadrupled profits at Far East Consortium

BY OUR HONG KONG CORRESPONDENT

MR DEACON CHIU, chairman of Far East Consortium, has announced record profits for the year to March and has said that he intended diversifying the *company away from property* development.

Profits after tax increased by 288 per cent to HK$105.81m (U.S.$17.8m) and after extraordinary credits of HK$124m net profits amounted to HK$229.81m up 140 per cent. The final dividend is 15 cents for a total of 25 cents, compared with 16 cents last year *and a one-for-two free scrip* issue will also be made.

Mr Chiu said the manipulation of the property market had led to many people still aspiring to own their homes while many buildings remained vacant even after being sold. "*We believe that the property* market will only regain its vigour after the above imbalance has been redressed."

Far East Consortium had placed primary emphasis on property development in the New Territories and Mr Chiu said this policy would continue. Co-operation in the New Territories with Hongkong Land in N. T. Horizon Realty and with *Goodyear Estates* was said to have contributed substantially to the record profits.

The acquisition of a 30 per cent interest in Madison Securities—which has some 20,000 sq ft of land for development, a site in Kimberly Road and participation in a German Bank—had proved to be a sound investment.

In a break with the past, property development in the future would be paralleled by *industrial and trading pursuits*, Mr Chiu said. Concentration in property development would be reduced to 50 per cent of the company's business, with the rest centring on the flour and export side.

As a result of the acquisition of Cheong Sun Development Company he predicted that Far East's profits in the coming year would continue to improve.

Petersville Australia ends year on firm note

BY GEORGE MARSHALL IN SYDNEY

PETERSVILLE Australia, the diversified food group, has overcome highly competitive conditions in the industry to lift annual earnings 22 per cent from A$10.51m to A$12.81m (U.S.$14.69m). The result extends the first half profits advance of 15.4 per cent.

Turnover in 1980-81 has risen by almost 15 per cent, from A$372.95m to A$428.59m, which includes a A$73.28m initial contribution from a new *ice* cream manufacturing operation.

H. C. Sleigh now controls 90.1 per cent of Petersville *capital following* the takeover offer which closes in a week and for this reason no final dividend has been recommended. Sleigh is offering *A$2.75 cash for* each Petersville share or note, or alternatively five Sleigh shares and A$4.80 cash for every four shares or notes. This values Petersville at some *A$1.53m* or A$2.81 a share.

Petersville's earnings a share ratio is now up from 21.3 cents to 25.9 cents a share and the net *asset backing* up from A$1.67 to A$2.09.

Now that Sleigh has off-loaded its petroleum industry subsidiary Golden Fleece to Caltex, at A$101m, it appears poised to make significant gains from *its* new acquisition. Petersville completed its second half in strong style, lifting profit by almost 31 per cent, from A$4.44m to A$5.81m, the very strength of this performance indicates just why Sleigh wanted the company, and also the reason for Henry Jones IXL's attempt to freeze Sleigh out of the race.

Petersville's canned foods divisions returned record results despite severe drought in major growing areas of southern Queensland and New South Wales.

The company's Presto smallgoods group fell victim to the slump in the export meat trade but managed an outstanding result, according to directors. But its commercial refrigeration division had an unsatisfactory year, and as a result the *Adelaide factory* has been closed and operations merged with those in Sydney and Melbourne.

APPOINTMENTS

Vauxhall Motors engineering director

Mr Ian A. K. McEwan, formerly chief engineer, components, VAUXHALL MOTORS, has been appointed director of engineering, replacing Mr Noel E. Stasel, who is returning to the U.S. to become director, product assurance, at Chevrolet. Mr McEwan will report to Mr John M. Fleming, director of commercial vehicle operations.

★

A corrected company announcement states that Mr Peter F. Mostyn, marketing director of Qualcast Garden Products Group, has been elected to the divisional board of BIRMID QUALCAST (HOME AND GARDEN EQUIPMENT). Mr Mostyn has not been elected to the main board of Birmid Qualcast as reported on August 25.

★

The Cubitts metropolitan companies are being integrated into the regional organisation of TARMAC CONSTRUCTION, but the trading names of Holland Hannen and Cubitts, Cubitts London, Cubitts General Contracts and Cubitts Management will remain unchanged.

Mr Jim Shedden, a director of Tarmac Construction and managing director of Tarmac Regional Construction, is appointed chairman of Holland Hannen and Cubitts. Mr George Stones, a director of Tarmac Regional Construction, becomes managing director of Holland Hannen and Cubitts. Mr John Harvey, formerly a director of Midland Counties Area, has been made a director and general manager of Cubitts London. Mr John Kent will be general manager of Cubitts Management, and Mr George Linstead continues his responsibility for Cubitt General Contracts. Mr Harvey, Mr Kent and Mr Linstead report to Mr Stones.

★

Following his appointment as managing director, Mr T. D. Leece has resigned as company secretary of JENKS AND CATTELL and has been succeeded in that post by Mr A. P. Wilson.

★

CHUBB WARDENS has set up two new branches, one at Bristol to be managed by Mr Alan Hinton and the other at Walton-on-Thames, to be managed by Mr Charles Boultwood.

★

Mr Maurice Hetherington has become managing director of DAVID BROWN TRACTORS, a Tenneco company, in place of Mr John M. Goymour, who has retired. Mr Chris J. Fleetwood succeeds Mr Hetherington as finance director.

★

Mr Paul Barker has become chief executive and managing director of BAIN DAWES LTD. in Sheffield, in place of Mr Charles Macdonald, who remains chairman.

★

Mr K. R. Henshaw and Mr J. C. Schleck have joined the main board of PORTLAND MARINE.

★

Mr Tony Cleaver has been appointed vice-president, data processing marketing and services for IBM EUROPE. His previous position at IBM Europe was group director of Order management. Mr Cleaver is a former data processing director of IBM United Kingdom Holdings.

★

Mr Christopher Ball has been appointed regional general manager of BARCLAYS BANK'S London region from October 1. Mr Ron Farrar will become senior local director of the Leeds district and chairman of its West Yorkshire local board from January 1. Mr Grant Walshe will take over as senior local director of the Bristol district and chairman of the Bristol local board on the retirement of Mr David Tudway Quilter on December 31. Mr Tudway Quilter will remain a member of the Bristol local board.

Mr Tom Ashton, a director of Barclays Bank and Barclays Merchant Bank, has been appointed also a non-executive local director of Barclays Bank's Bristol district. Mr Ralph Connell will be senior local director of Reading district from October 12 and Mr Barry James, an executive local director, London Northern district, from November 16.

★

The Energy Secretary has appointed Mr Roy E. J. Roberts as a part-time member of the UNITED KINGDOM ATOMIC ENERGY AUTHORITY for three years. Mr Roberts is group managing director of Guest Keen and Nettlefolds.

★

Mr M. J. Last has been appointed a director of JOHN HAYTER MOTOR UNDERWRITING AGENCIES and underwriter of JSB MOTOR POLICIES SYNDICATE 253 at Lloyd's.

★

Mr Sheldon E. Prentice has become a managing director in the London office of SALOMON BROTHERS, the Wall Street investment house which is being taken over by Phibro, the commodities trading firm. Mr Prentice, who joined Salomon Brothers in 1973, was the Eurobond syndicate manager in the firm's London office.

★

Following the acquisition of BALFOUR SECURITIES CORPORATION, by Singer and Friedlander (reported yesterday) Mr H. I. Freund and Mr J. S. Goldsmith continue as chairman and president respectively. Mr A. N. Solomons, chairman and chief executive of Singer and Friedlander, and Mr A. R. J. Dyas, a managing director of Singer and Friedlander, will join the Board of Balfour. Mr Peter M. Toczek has joined the Board of Balfour and will be executive vice-president in charge of the institutional trading and sales department. Mr Toczek was senior partner in charge of institutional activities at Bruns Nordeman Rea and Co. until its acquisition by Bache and Co. last month. He will bring to Balfour Securities three of the senior executives from the institutional department at Bruns Nordeman Rea and Co.

★

The Lords Commissioners of Her Majesty's Treasury have appointed Admiral of the Fleet Sir Terence Lewin, as a trustee of the NATIONAL MARITIME MUSEUM in succession to Rear-Admiral Sir Edmund Irving, on the expiry of his term of office in October. Mr Ewan Corlett has been re-appointed as a trustee on the expiry of his term of office in September.

BOND DRAWINGS

COMPANY NOTICES

PUBLIC NOTICES

TRAVEL

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar weak

Dollar weakened in very quiet foreign exchange trading. Apart from technical movements there was little change in Eurodollar interest rates, and in the absence of other factors the dollar lost ground to the D-mark on Germany's encouraging trade statistics and against the Swiss franc following the rise in Swiss interest rates. The U.S. currency also declined quite sharply against the French franc.

Sterling remained weak against Continental currencies, but traded within a very narrow range against the dollar, and finished slightly firmer on the day.

European currencies traded quietly within the European Monetary System, but improved against the dollar.

DOLLAR — trade-weighted index (Bank of England) fell to 110.7 from 111.4. The U.S. currency fell to DM 2.4410 from DM 2.4512 against the D-mark; *to FFr 5.8430 from FFr 5.8850* in terms of the French franc; to Y229.60 from Y231 against the Japanese yen; and to SwFr 2.1475 from SwFr 2.1575 against the Swiss franc.

STERLING — trade-weighted index (Bank of England) fell to 90.8 from 91.0, after opening at 90.9, and falling to 90.7 at noon. *The pound opened* at $1.8440-$1.8450 and showed little change throughout the day, moving within a range of $1.8390 to $1.8470, and closing at $1.8420-$1.8430, a *rise of* 90 points on the day. Sterling fell to DM 4.50 from DM 4.5050; to FFr 10.7650 *from FFr 10.79*; and to Y423 from Y423.50; but improved to SwFr 3.9575 from SwFr 3.9550.

D-MARK—Very firm at the top of the European Monetary System, and now trading fairly steadily against the dollar. After *falling to a five-year low against* the U.S. currency in early August the D-mark has improved on a slightly easier trend in U.S. interest rates and a better German trade performance. The market remains nervous about *future movements in U.S.* interest rates however—The D-mark improved against the dollar, sterling and Japanese yen at the Frankfurt fixing, but lost ground to the Swiss franc and one or two members of the EMS. There was no sign of intervention by the Bundesbank in early trading, but the German central bank sold $18.35m when the U.S. currency fell to DM 2.4370 from DM 2.4580 at the fixing. In the afternoon the dollar was little changed at DM 2.4395. News that President Reagan may cut defence spending tended to depress the U.S. unit, because a high Budget deficit would tend to increase Federal borrowing and keep interest rates firm. Sterling fell to DM 4.4890 from DM 4.5040 at the fixing.

BELGIAN FRANC—One of the weakest members of the EMS, but under less pressure as speculation of an imminent realignment of EMS currencies has faded. Central bank support for the franc has been heavy recently, but the situation has been helped by the easier trend of the dollar.—The Belgian franc showed mixed changes at the Brussels fixing, rising against the dollar and sterling, but falling against the Swiss franc. Within the EMS the D-mark and French franc lost ground to the Belgian currency, but the Irish pound, Danish krone and Italian lira improved. The dollar fell to BFr 39.90 from BFr 40.1850 at the fixing, *but was slightly firmer* towards the close. The Belgian National Bank spent BFr 4bn to defend the franc in the week ended August 31, but the central bank currency reserves were little changed as a result of *currency borrowings by the* Treasury.

THE POUND SPOT AND FORWARD

Sept 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8390-1.8470	1.8420-1.8430	0.48-0.58c dis	−3.45	1.95-2.05dis	−4.34
Canada	2.1930-2.2050	2.1995-2.2005	1.40-1.50c dis	−7.91	4.05-4.25dis	−7.54
Nethlnd.	4.97-5.01	4.98¼-4.99¼	⅛-¼c dis	−0.30	¼-⅜ dis	−0.30
Belgium	73.40-73.80	73.65-73.75	47-57c dis	−8.47	130-140 dis	−7.32
Denmark	14.01-14.06	14.02¼-14.03¼	8-9¼ore dis	−7.38	14⅞-16½ dis	−4.43
Ireland	1.2285-1.2360	1.2330-1.2345	0.29-0.40p dis	−3.35	0.89-1.02dis	−3.10
W. Ger.	4.48-4.51	4.49½-4.50½	⅜-¼pf pm	1.00	1⅜-1¼ pm	1.23
Portugal	120.70-121.80	120.90-121.20	45-120c dis	−8.16	170-365 dis	−8.84
Spain	179.75-180.75	180.40-180.60	80-110c dis	−6.31	245-285 dis	−5.87
Italy	2,240-2,248	2,244½-2,246½	38½-40½lire dis	−21.11	112-115dis	−20.22
Norway	11.17-11.20	11.17½-11.18½	1¼ore pm-¼ dis	[illegible]	3-1⅞ pm	0.38
France	10.74-10.78	10.76-10.77	11½-12¾c dis	−13.65	33-34 dis	[illegible]
Sweden	9.57-9.62	9.59-9.60	⅛-1⅛ore dis	−0.94	2-3 dis	−1.04
Japan	420-427	422½-423½	2.40-2.10y pm	6.38	6.85-6.50 pm	6.31
Austria	31.45-31.60	31.52-31.57	6-1gro pm	1.33	11-1 pm	0.76
Switz.	3.93-3.97	3.95¼-3.96¼	1⅞-1⅛c pm	4.55	4⅞-4⅛ pm	4.35

Belgian rate is for convertible francs. Financial franc 79.80-79.90. Six-month forward dollar 3.94-4.04c dis, 12-month 6.60-6.80c dis.

THE DOLLAR SPOT AND FORWARD

Sept 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8390-1.8470	1.8420-1.8430	0.48-0.58c dis	−3.45	1.95-2.05dis	−4.34
Ireland†	1.4935-1.5010	1.4935-1.4965	0.05c pm-0.05 dis	—	0.40-0.50dis	−1.20
Canada	1.1935-1.1970	1.1935-1.1938	0.38-0.41c dis	−3.87	0.85-0.90dis	−2.95
Nethlnd.	2.7030-2.7100	2.7060-2.7085	0.70-0.60c pm	2.88	2.90-2.80 pm	4.21
Belgium	39.88-40.02	40.00-40.02	12-15c dis	−4.05	26-31 dis	−2.85
Denmark	7.6115-7.6250	7.6135-7.6185	2.20-2.70ore dis	−3.86	0.40-0.10 pm	0.13
W. Ger.	2.4300-2.4440	2.4405-2.4415	0.95-0.90pf pm	4.55	3.45-3.40 pm	5.61
Portugal	65.65-65.95	65.65-65.85	10-45c dis	−5.02	25-125 dis	−4.56
Spain	97.70-97.96	97.90-97.95	15-30c dis	−2.78	35-55 dis	−1.84
Italy	1,217-1,219¾	1,218¼-1,219¼	18-20lire dis	−18.71	48-51 dis	−16.25
Norway	6.0670-6.0760	6.0670-6.0720	2.20-1.70ore pm	3.85	8-7½ pm	5.11
France	5.8300-5.8470	5.8405-5.8455	4⅞-5⅜c dis	−10.78	11½-13 dis	−8.38
Sweden	5.2015-5.2100	5.2070-5.2100	1.20-1.00ore pm	2.53	4.60-4.40 pm	3.45
Japan	229.00-230.00	229.55-229.65	1.85-1.80y pm	9.80	6.15-6.00 pm	10.59
Austria	17.05-17.12	17.09½-17.10½	7⅛-6⅛gro pm	4.91	23½-19½ pm	4.91
Switz.	2.1350-2.1530	2.1470-2.1480	1.44-1.34c pm	7.77	4.60-4.50 pm	8.47

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.8	−32.6
U.S. dollar	110.7	+ 3.8
Canadian dollar	89.0	−16.3
Austrian schilling	111.7	+22.7
Belgian franc	104.8	+9.0
Danish kroner	86.1	−10.8
Deutsche mark	118.4	+38.4
Swiss franc	132.6	+79.2
Guilder	108.1	+14.6
French franc	81.9	−12.0
Lira	57.2	−55.8
Yen	141.6	+35.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.616717	0.558221
U.S. $	14	1.18038	1.02617
Canadian $	21.07	1.36120	1.23185
Austria Sch	6¾	19.6070	17.5568
Belgian F	13	45.4243	41.1048
Danish K	11	8.69545	7.86154
D mark	7½	2.77847	2.51086
Guilder	9	3.08707	2.78940
French Fr	9½	6.64437	6.01161
Lira	19	1386.98	1256.35
Yen	6¼	261.670	236.302
Norwgn. Kr.	9	6.91510	6.24945
Spanish Pts.	8	111.427	109.880
Swedish Kr.	12	5.92297	5.36065
Swiss Fr	6	2.44365	2.20463
Greek Dr'ch.	20½	—	61.0843

OTHER CURRENCIES

Sept. 2	£	$		$ Note Rates
Argentina Peso	9847-9867†	5340-5360†	Austria	31.35-31.75
Australia Dollar	1.6080-1.6060	0.8700-0.8706	Belgium	79.40-80.20
Brazil Cruzeiro	188.12-189.12	102.18-102.69	Denmark	13.98-14.13
Finland Markka	8.358-8.366	4.5390-4.5410	France	10.70-10.90
Greek Drachma	108.174-111.486	59.50-59.65	Germany	4.47-4.52
Hong Kong Dollar	10.926-10.938	5.9350-5.9380	Italy	2200-2270
Iran Rial	149.25*	81.40*	Japan	425-430
Kuwait Dinar(KD)	0.518-0.524	0.2833-0.2836	Netherlands	4.96¼-5.01¼
Luxembourg Fr	73.65-73.75	40.00-40.02	Norway	11.13-11.25
Malaysia Dollar	4.3460-4.3560	2.3605-2.3635	Portugal	119-127½
New Zealand Dlr.	2.2200-2.2260	1.2055-1.2065	Spain	175½-186½
Saudi Arab. Riyal	6.26-6.32	3.4190-3.4200	Sweden	9.55-9.65
Singapore Dollar	3.9680-3.9780	2.1550-2.1580	Switzerland	3.93-3.97
Sth. African Rand	1.7400-1.7420	0.9445-0.9456	United States	1.83¼-1.85¼
U.A.E. Dirham	6.72-6.78	3.6690-3.6730	Yugoslavia	75-81¼

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,660-13,700 and for the dollar 7,400-7,450. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.1124	+0.77	+1.12	±1.5361
Danish Krone	7.91917	7.85631	−0.79	−0.44	±1.6413
German D-Mark	2.54502	2.51082	−1.35	−1.00	±1.1386
French Franc	5.99526	6.01004	+0.25	+0.60	±1.3638
Dutch Guilder	2.81318	2.78686	−0.94	−0.59	±1.5159
Irish Punt	0.685145	0.687720	+0.38	+0.73	±1.6688
Italian Lira	1262.92	1254.80	−0.64	−0.86	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.843	4.500	423.0	10.765	3.958	4.990	2246.	2.200	73.70
U.S. Dollar	0.543	1.	2.442	229.6	5.843	2.148	2.708	1219.	1.194	40.00
Deutschemark	0.222	0.409	1.	94.00	2.392	0.879	1.109	499.0	0.489	16.38
Japanese Yen 1,000	2.364	4.355	10.64	1000.	25.45	9.356	11.80	5309.	5.201	174.2
French Franc 10	0.929	1.712	4.180	392.9	10.	3.676	4.635	2086.	2.044	68.46
Swiss Franc	0.253	0.466	1.137	106.9	2.720	1.	1.261	567.4	0.556	18.62
Dutch Guilder	0.200	0.369	0.902	84.77	2.157	0.793	1	450.0	0.441	14.77
Italian Lira 1,000	0.445	0.821	2.004	188.4	4.794	1.762	2.222	1000.	0.980	32.82
Canadian Dollar	0.455	0.837	2.045	192.3	4.893	1.799	2.268	1021.	1.	33.50
Belgian Franc 100	1.357	2.500	6.106	573.9	14.61	5.370	6.771	3047.	2.985	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 2)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 5/16	bid 18 1/2	offer 18 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅝-12⅞	17¼-17½	22-24	13⅛-13⅜	7¾-8¼	11⅛-12⅛	18-20	19-24	10½-[illegible]	[illegible]
7 days' notice	12⅞-13⅛	17⅛-17¾	22-24	13⅝-13¾	5-5⅛	12⅛-12⅜	21-25	29-33	15½-[illegible]	[illegible]
Month	13⅛-13⅜	16½-16¾	21⅞-22¼	13⅛-13⅛	9⅛-9⅜	12⅛-12¼	26-28	33½-35	20½-[illegible]	[illegible]
Three months	13⅞-14	18 18¼	21¾-22⅛	13⅞ 14	9⅛-9⅜	12⅝-12½	26-28	34½-35½	20⅝-[illegible]	[illegible]
Six months	14⅛-14⅛	18⅛-18⅛	21-21⅜	13⅛-13⅛	9⅛-9⅜	12⅛ 12⅛	24-26	32½-33½	20.[illegible]	[illegible]
One Year	14⅛ 14⅝	18 18¼	20⅛-20⅛	13⅛-13⅛	9⅛-9⅛	12⅛-12⅛	22½-23½	30½-31½	18¾-[illegible]	[illegible]

SDR linked deposits: one-month 15½-15⅞ per cent; three-months 16⅛-16⅜ per cent; six-months 16⅜-16½ per cent; one-year 15¾-16⅛ per cent.
SCU linked deposits: one-month 18⅛-18⅜ per cent; three-months 17⅞-18⅛ per cent; six-months 17⅜-17⅝ per cent; one-year 16⅜-16⅝ per cent.
Asian $ (closing rates in Singapore): one-month 16⅞-16⅞ per cent; three-months 18⅛-18⅜ per cent; six-months 18⅛-18⅜ per cent; one-year 18⅛-18⅛ per cent. Long-term Eurodollar two-years 17⅛-17⅜ per cent; three-years 17-17½ per cent; four-years 16⅛-17 per cent; five-years 16⅛-16⅞ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.95-18.05 per cent; three-months 18.35-18.45 per cent; six-months 18.50-18.60 per cent; one-year 17.90-18.10 per cent.

MONEY MARKETS

Rates ease

London clearing banks base lending rates 12 per cent

Day-to-day credit remained in adequate supply in the London money market yesterday and the authorities did not intervene. In the morning the Bank of England forecast a surplus of about £100m, but this was amended to a shortage of £50m at noon, and although there was no official change in the afternoon market sources suggested that there was little *surprise* when the day finished flat.

There were no major factors influencing trading, and it would appear that bank balances were not significantly above target despite the fact that overnight money finished at 5 per cent in the interbank market on Tuesday. The overnight interbank *closed at 4 per cent yesterday* after opening at 12⅞-12⅞ per cent and falling to 12¼-12½ per cent on the early forecast of a surplus.

Seven-day interbank funds were around 12⅞-13 per cent throughout, maintaining the recent downward trend following the easy conditions in the money market despite the exceptional payments of Petroleum Revenue Tax on Tuesday. Longer-term rates also declined with three-month interbank money at 13¾-13⅞ per cent, compared with 13⅞-16¼ per cent.

In Dublin the Central Bank of Ireland alloted I£50m Exchequer bills yesterday at an average discount rate of 16.3099 *per cent, against 16.1977* per cent previously, and an average yield of 17.0012 per cent compared with 16.8794 per cent. The lowest accepted bid was I£95.91 (I£95.95) and the next tender will be on September 9.

In Paris the Bank of France intervened to add liquidity to the money market by buying between FFr 8bn and FFr 9bn of first category paper at 17 per cent. The paper matures between September 10 and 20. Call money was unchanged at 17⅞ per cent *yesterday, but* period rates were generally easier.

In Frankfurt call money was unchanged at the special Lombard rate level of 12 per cent, while short-term period rates showed a slightly easier trend, with longer-term rates steady.

In Amsterdam interest rates showed little change following Tuesday's announcement that the authorities offered a 14-day special advance at the favourable rate 13½ per cent, compared with a call money level of 13½-14 per cent. Conditions were expected to remain tight however regardless of the size of the advance which was expected to be about Fl 2bn if it was to cover the full size of the shortage.

GOLD

Firmer trend

Gold rose $4½ to $428½-430½ in the London bullion market yesterday, reflecting the softer tone of the dollar and South African claims of the involvement of *Soviet troops in Angola.* The metal opened at $428-430, and was fixed at $431.50 in the morning and $430 in the afternoon. Gold touched a peak of $431-433 and a low of $428-430 at the start.

In Paris the 12½-kilo gold bar was fixed at FFr 89,100 per kilo ($474.94 per ounce) in the afternoon, compared with FFr 89,100 ($474.96) in the morning, and FFr 89,000 ($474.94) Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 33,930 per kilo ($433.01 per ounce), against DM 33,520 ($424.00) and finished at $429-431, compared with $420½-422½.

In Luxembourg the 12½-kilo bar was fixed at an equivalent of $430.75 per ounce.

In Zurich gold closed at $428-$432, against $420-423.

	Sept. 2		Sept. 1	
Gold Bullion (fine ounce)				
Close	$428½-430½	(£232¾-233¾)	$424-426	(£231-232)
Opening	$428-430	(£232¼-233¼)	$422-424	(£230½-231½)
Morning fixing	$431.50	(£234.091)	$422.50	(£230.597)
Afternoon fixing	$430	(£233.379)	$421.50	(£229.961)
Gold Coins				
Krugerrand	$443-444	(£240½-241)	$436½-437½	(£237¾-238¼)
1/2 Krugerrand	$228-229	(£123¾-124¼)	$225¼-226¼	(£122½-123¼)
1/4 Krugerrand	$116-117	(£63-63½)	$114½-115½	(£62¼-62¾)
1/10 Krugerrand	$47½-48½	(£25¾-26¼)	$46¾-47¾	(£25½-26)
Mapleleaf	$443-444	(£240½-241)	$436½-437½	(£237¾-238¼)
New Sovereigns	$107¼-108	(£58¼-58¾)	$105¾-106½	(£57½-58)
King Sovereigns	$120½-122½	(£65½-66½)	$119-121	(£64¾-65¾)
Victoria Sovs	$120½-122½	(£65½-66½)	$119-121	(£64¾-65¾)
French 20s	$123-128	(£66¾-70)	$122-127	(£66½-69)
50 pesos Mexico	$533-536	(£289¼-291)	$526-530	(£286¼-288½)
100 Cor. Austria	$417-420	(£226¼-228)	$412-415	(£224¼-226)
$20 Eagles	$569-574	(£308¾-311½)	$565-570	(£307½-310¼)

MONEY RATES

NEW YORK

Prime rate	20-20½
Fed. funds	18¼-18½
Treasury bills (13-week)	15.70
Treasury bills (26-week)	15.74

GERMANY

Special Lombard	12.00
Overnight rate	12.00
One month	12.60
Three months	12.85
Six months	12.975

FRANCE

Intervention rate	17.0
Overnight rate	17.375
One month	17.125
Three months	17.375
Six months	17.125

JAPAN

Discount rate	6.25
Call (unconditional)	7.4375
Bill discount (three-month)	7.40625

LONDON MONEY RATES

Sept. 2 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	4-12⅞	12½	—	—	12¼-13	12-12½	—	—	—
2 days notice	—	—	13⅛-13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13	13⅜	—	—	—	—	—	—	—
One month	13⅛-13¼	13⅛-13⅛	13⅜	14¼-14	13⅛	13-13⅜	12¼-12½	—	—	—
Two months	13⅛-13½	13½-13⅞	—	14¼-14	13⅝	13¾-13⅞	12¾	12⅞-12⅞	12⅞	13⅜
Three months	13⅞-13⅞	13¾ 13⅞	13⅞	14¼-14	13¾	13⅞	13	12⅞-13	12⅞-13	13⅞
Six months	14-13⅞	14-14⅛	14	13¾-13⅛	13⅞	14¼	13⅛	13⅛	13⅛-13¼	13⅞
Nine months	14⅛-14	14⅛-14¼	—	14⅛-14⅛	14⅛	—	—	—	13⅛-13¼	14
One year	14⅛-14⅛	14⅛-14⅜	14⅜	14⅛-14⅛	14¼	—	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14¼ per cent; four years 14⅜ per cent; five years 14½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛-13⅞ per cent; four-months trade bills 13⅞ per cent.

Approximate selling rate for one-month Treasury bills 12⅞-12¾ per cent; two-months 12⅞-12⅞ per cent; three-months 13⅛ per cent. Approximate selling rate for one-month bank bills 12⅞-12⅞ per cent; two-months 12⅞-12⅞ per cent and three-months 13⅛-13⅛ per cent; one-month trade bills 13⅛ per cent; two-months 13⅜ per cent and three-months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 8 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.2483 per cent.

Dow shows 4.56 gain at 1pm

AN EARLY attempt to rally on Wall Street quickly faded and stocks were only narrowly higher at noon.

However, by 1.00 pm the Dow Jones Industrial Average had picked up again to show a 4.56 gain to 887.27, after being just 0.28 ahead an hour earlier. Advances led declines by seven-to-five as volume fell to 26.54m shares (33.25m). The NYSE All Common Index was up 31 cents to $71.59 at 1.00 pm.

Analysts said investors are reluctant to re-enter the market until they see some definite change in the economic outlook. Meanwhile, stocks are taking their cue from the Bond market, which was slightly weaker yesterday.

Trading was featureless, with most significant price movements involving stocks in specific news situations.

General Portland Cement gained 2¼ to $37½. It won a court order last week barring Canada Cement Lafarge from buying any of its shares.

Computervision dropped 2¾ to $33 in active trading. It attributed the decline to a bearish analyst's report on the computer aided design industry.

Sanders Associates in the same industry, lost 1¼ to $38¾ despite raising its dividend and reporting higher earnings on Tuesday.

THE AMERICAN SE Market Value Index was 200 higher at 354.89 at 1 pm on volume of 4.18m shares (3.33m).

Companies with Canadian oil interests were the most active on news that the country had reached an agreement on oil prices. Dome Petroleum gained ¼ to $18¼, Gulf Canada ¼ to $23⅝, Hudson's Bay ½ to $38, Imperial Oil class "A" ¼ to $30½, Ranger Oil ¼ to $12⅛ and Great Basin ⅛ to $12⅜.

Canada

Stock prices retreated from an early rally but the Toronto Composite Index was up 15.1 to 2,214.6 at midsession on heavy volume of 7.16m shares. Advances led declines 281 to 158.

Analysts said the new energy agreement between Alberta and the Federal Government is causing a firming of energy-related issues.

Ten of the exchange's indices rose, led by Oil and Gas, up 75.5 to 5,013.0, and Pipelines, up 60.0 to 2,028.3.

Closing prices for North America were not available for this edition.

Australia

News of a 2,700-barrels-a-day oil flow at the Cooper Basin Merrimelia 6 well provided the only feature for the market as the All Ordinaries index fell to its lowest level of the year.

Alliance Oil Development, with a 50 per cent interest in the well, responded to the news by firming 20c to A$1.70. Analysts said the flow was the second biggest ever recorded onshore in Australia.

However, the general market continued to take its lead from recent lower profit reports from heavyweight Miners and the All Ordinaries index fell 5.2 to finish just 0.3 points above its key support level of 620.

CRA, which reported an 84 per cent drop in interim profit, led the decline in Miners with a 20c fall to A$3.70, while BHP dropped 20c to A$12.30.

Ashton Mining met selling following a decision to delay alluvial mining on the Smoke Creek diamond deposit until next year. It fell 10c to A$1.50.

In other trading, MIM lost 10c to A$3.95, WMC 7c to A$4.75, Peko 8c to A$6.18, Bougainville 4c to A$1.58 and CSR 6c to A$5.

Tokyo

Share prices fell sharply in lacklustre trading on liquidation and other selling by foreign investors, although late cheap buying pared early losses.

The Nikkei Dow Market Average lost 57.54 to close at 7,678.17. At the morning close the Average was down over 80¼ points. The Tokyo Stock Exchange index finished at 577.06, down 5.41.

Matsushita Electric Industrial, Toyota Motor, Canon, Fuji Photo Film and other Blue Chips led the losses, in spite of the easing of margin trading curbs on Japanese stock exchanges, which took effect yesterday.

The relaxed margin trading curbs helped an initial share price recovery which was more than offset by renewed selling. Losses spread over a wide front, including Heavy Machineries, Telecommunications and Synthetic Fibres. Steels and Shipyards were also lower.

Matsushita Electric Industrial lost Y50 to Y1,530, Toyota Motor Y40 to Y1,260, Fuji Photo Y70 to Y1,530, Sony Y160 to Y4,350, Pioneer Electronic Y120 to Y3,760, Hitachi Y17 to Y788 and Nippon Steel Y7 to Y220.

Hong Kong

The stock market continued its downtrend with the Hang Seng Index closing 36.08 lower at 1,611.57.

Falling markets worldwide, especially Wall Street, and a general lack of enthusiasm prompted the fall.

The leaders were all down. Hutchison Whampoa fell HK$1 to HK$20.40, Cheung Kong 80c to HK$28.80, Jardine Matheson 70c to HK$20.10, Swire Pacific "A" 60c to HK$14.70, Hongkong Land 30c to HK$10.50, HK Electric 15c to HK$5.80, HK Bank 10c to HK$16.20 and HK Wharf 5c to HK$7.35.

Elsewhere, Hang Seng Bank lost HK$2 to HK$134, a HK$4 loss since Friday, and Hongkong Hotels fell HK$2 to HK$64.

Singapore

Prices rallied on buying support and covering interest in active trading in reaction to the recent steep decline. The Straits Times index rose 14.76 to 630.02.

Germany

Share prices closed broadly weaker in the wake of the falls in New York and Tokyo. The Commerzbank index fell 7 to 707.2.

The weight of the new federal loan stock also burdened the bond and equities markets.

BMW led Autos lower, shedding DM 3.20 to DM 183.80, while Daimler dropped DM 3.20 to DM 341.50. But VW managed a small gain to DM 144.90, up 0.50.

Chemicals were down, with BASF off DM 1.20 to DM 146.10. Banks were alsot weaker, with Deutsche down DM 3.20 to DM 264.80, and Dresdner off DM 1.30 at DM 144.30 after opening slightly higher.

Paris

Shares tended firmer in quiet trading with demand again centred on companies listed for nationalisation.

Banks, many of which are likely to come under state control this autumn, showed the largest gains, with Cie Bancaire up FFr 5 to FFr 183 and CCF FFr 5.5 higher at FFr 148.

Other firmer sectors included Portfolios, Electricals and Engineerings, while Oils, Chemicals and Metals were steady to firm. Cars were easier.

Switzerland

Share prices closed narrowly mixed despite a further decline in the Bond market, as investors were reluctant to sell shares at the low price levels.

Foreign Bonds closed between one and three points weaker, but domestic Bonds declined less sharply.

Tuesday's news of a 1 per cent rise in the official Swiss discount and Lombard rates raised market expectations of a further rise in Bond yields.

Johannesburg

Shares closed very firm across the board with overall gains outnumbering losses by over five to one. But volume was thin.

Golds led the trend with Heavyweights rising by up to 260 cents. Gains also predominated in other Metals and Industrials, but Coppers eased.

NEW YORK

Stock	Sept. 1	Aug. 31	Stock	Sept. 1	Aug. 31	Stock	Sept. 1	Aug. 31
Cities Service	50½	51¼	Geosource	60	58	McLean Trukg	[illegible]	[illegible]
City Investg	24¾	24¼	Gerber Prod	31⅞	31½	Mead	24⅞	[illegible]
Clark Equipment	29⅝	29⅞	Getty Oil	66¾	67½	Media Genl	33¾	[illegible]
Cleve Cliffs Iron	33½	33⅛	Giddings Lewis	17½	19	Medtronic	32¼	[illegible]
Clorox	10⅞	11	Gillette	29⅛	29¼	Mellon Natl	33⅞	[illegible]
Cluett Peaby	12⅝	12¾	Global Marine	25	25¼	Melville	41⅛	41⅛
Coca Cola	32¼	32¾	Goodrich (BF)	22¼	22⅝	Memorex	11⅞	11⅞
Coca Btl. N.Y.	10¼	10¼	Goodyear Tire	18½	18¾	Mercantile Sts	48¾	49
Colgate Palm	14½	14¼	Gould	25⅝	25½	Merck	83	84
Collins Aikman	10⅛	10⅞	Grace	45¼	45⅝	Meredith	55½	55⅞
Colt Inds	86⅝	86¾	Grainger (WW)	39½	39⅞	Merrill Lynch	34	34⅛

Stock	Sept. 1	Aug. 31	Stock	Sept. 1	Aug. 31
St. Regis Paper	31⅞	32¼	Wrigley	34	34
Santa Fe Inds	22⅛	22¾	Wyly	9	9⅛
Santa Fe Intl	25⅜	25¾	Xerox	47½	46½
Saul Invest	6¾	7	Yellow Frt Sys	19⅜	19⅜
Saxon Inds	4⅝	4⅞	Zapata	28	27¾
Schering Plough	30¼	30⅛	Zenith Radio	13¾	13¾

Indices

NEW YORK —DOW JONES

	Sept. 1	Aug. 31	Aug. 28	Aug. 27	Aug. 26	Aug. 25	1981 High	1981 Low	Since Com'pil't' High	Since Com'pil't' Low
●Indu str'ls	882.71	881.47	892.22	889.08	889.26	901.85	1024.05 (27/4)	881.47 (31/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.53	57.48	57.58	57.45	57.95	58.42	65.78 (15/1)	57.45 (27/8)	—	—
Transport.	371.21	371.48	375.46	374.40	378.79	377.92	447.38 (16/4)	371.21 (1/9)	447.38 (1974/81)	12.23 (8/7/32)
Utilities	106.72	109.81	109.74	109.40	108.95	108.84	117.81 (6/1)	105.58 (5/5)	166.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000·†	—	40,880	38,200	43,900	38,980	54,800	—	—	—	—

●Day's high 889.36. low 873.10.

	Aug. 28	Aug. 21	Aug. 14	Year ago (approx
Ind. div. yield %	6.20	6.01	5.90	5.59

STANDARD AND POORS

	Sept. 1	Aug. 31	Aug. 28	Aug. 27	Aug. 26	Aug. 25	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	138.27	137.88	139.57	138.82	140.65	140.91	157.02 (6/1)	137.88 (31/8)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	123.02	122.79	124.08	123.51	124.96	125.13	58.12 (6/1)	122.79 (31/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 26	Aug. 19	Aug. 12	Year ago (approx
Ind. div. yield %	5.07	4.85	4.75	4.73
Ind. P/E Ratio	8.94	9.33	9.54	8.34
Long Gov. Bond yield	14.25	13.67	13.51	11.32

NY. S.E. ALL COMMON

Sept. 1	Aug. 31	Aug. 28	Aug. 27	1981 High	1981 Low
71.28	71.20	71.97	71.67	79.14 (6/1)	71.20 (31/8)

Rises and Falls

	Sept. 1	Aug. 31	Aug. 28
Issues Traded	1,879	1,885	1,864
Rises	579	505	763
Falls	886	1,002	661
Unchanged	414	378	440
New Highs	2	2	4
New Lows	182	144	110

MONTREAL	Sept. 1	Aug. 31	Aug. 28	Aug. 27	1981 High	1981 Low
Industrials	356.26	382.98	385.56	360.24	409.56 (27/5)	355.26 (20/2)
Combined	355.00	360.62	351.80	348.87	378.28 (15/6)	338.34 (20/2)
TORONTO Composite	2199.5	2178.7	2188.2	2164.3	2578.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Duke Power	1,319,100	20⅛	+ ⅛
Super Oil	999,200	37⅝	+ ½
Con. Ed. NY	874,400	29	− ⅛
Sony	624,000	19⅝	− ⅛
Cities Svc.	572,300	51	− ¾
IBM	546,600	55⅞	+ ⅜
Union Oil	484,100	38¾	+ ⅜
RCA	456,500	20⅛	− ½
Storage Tec.	373,100	32⅛	+1⅛
K. Mart	358,400	19¾	− ⅜

	Sept. 2	Sept. 1	Aug. 31	Aug. 28	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	620.3	625.5	629.4	625.5	757.3 (5/4)	620.3 (2/9)
Metal & Minrls (1/1/80)	507.9	515.5	(u)	514.8	755.2 (7/1)	507.9 (2/9)
AUSTRIA Credit Aktien (2/1/62)	56.44	56.67	55.47	56.62	66.45 (5/1)	54.0 (21/5)
BELGIUM Belgian SE (31/12/63)	73.93	74.04	74.36	74.02	88.15 (17/2)	69.55 (18/5)
DENMARK Copenhagen SE (1/1/73)	117.46	119.01	118.17	118.49	119.80 (25/8)	95.88 (2/1)
FRANCE CAC General (29/12/61)	93.5	92.9	92.4	92.60	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	98.7	98.2	97.9	98.10	106.8 (13/5)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	231.87	233.45	235.88	234.05	245.47 (5/7)	215.88 (9/2)
Commerzbank (Dec 1953)	707.2	714.2	721.0	714.5	749.9 (5/7)	666.4 (16/2)
HOLLAND ANP-CBS General (1970)	90.8	91.0	92.8	92.2	96.8 (20.8)	85.7 (2/1)
ANP-CBS Indust (1970)	70.6	70.6	71.8	71.8	76.4 (22/5)	62.9 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1611.57	1647.65	(c)	1672.84	1810.20 (17/7)	1286.44 (11/6)
ITALY Banca Comm Ital (1972)	227.09	228.64	236.48	233.68	292.83 (5/6)	168.44 (24/7)
Japan Dow Average (16/5/49)	7678.17	7735.71	7815.76	7725.69	8019.14 (17/8)	6956.52 (13/3)
Tokyo New SE (4/1/68)	577.06	582.47	589.44	584.54	605.92 (17/8)	496.79 (5/1)
NORWAY Oslow SE (1/1/72)	134.02	133.67	134.99	135.58	145.72 (6/8)	110.34 (3/6)
SINGAPORE Straits Times (1966)	630.02	615.26	625.10	657.82	873.26 (26/6)	615.26 (1/9)
SOUTH AFRICA Gold (1958)	(u)	655.1	643.9	651.2	797.6 (7/1)	478.6 (5/7)
Industrial (1958)	(u)	653.1	645.7	648.4	654.4 (20/8)	557.2 (5/2)
SPAIN Madrid SE (30/12/80)	143.96	144.14	145.00	145.02	145.81 (28/8)	100.45 (2/1)
SWEDEN Jacobson & P. (1/1/58)	578.65	672.41	686.79	696.85	680.31 (10/8)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	277.0	276.8	279.2	280.4	304.2 (9/4)	276.8 (1/9)
WORLD Capital Intl. (1/1/70)	—	147.4	148.1	145.3	162.4 (6/1)	147.4 (2/9)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CANADA

Stock	Sept. 1	Aug. 31
AMCC Intl	22	22
Abitibi	22⅝	22½
Agnico Eagle	10¾	10½
Alcan Alumin	30⅞	30¾
Algoma Steel	45¼	45
Asbestos	40½	40

BELGIUM (continued)

Sept. 2	Price Frs.	+ or —
Petrofina	4,205	+35
Royale Belge	3,910	......
Soc Gen Banq.	1,640	—10
Soc Gen Belge	900	—4
Sofina	2,400	—60
Solvay	2,030	—50
Traction Elect	1,680	......

HOLLAND

Sept. 2	Price Fls.	+ or —
ACF Holding	83.5	—0.5
Ahold	70	......
AKZO	23.6	......
ABN	292.5	—1
AMEV	92	......
AMRO	53.6	—0.5
Bredero Cert	196	......

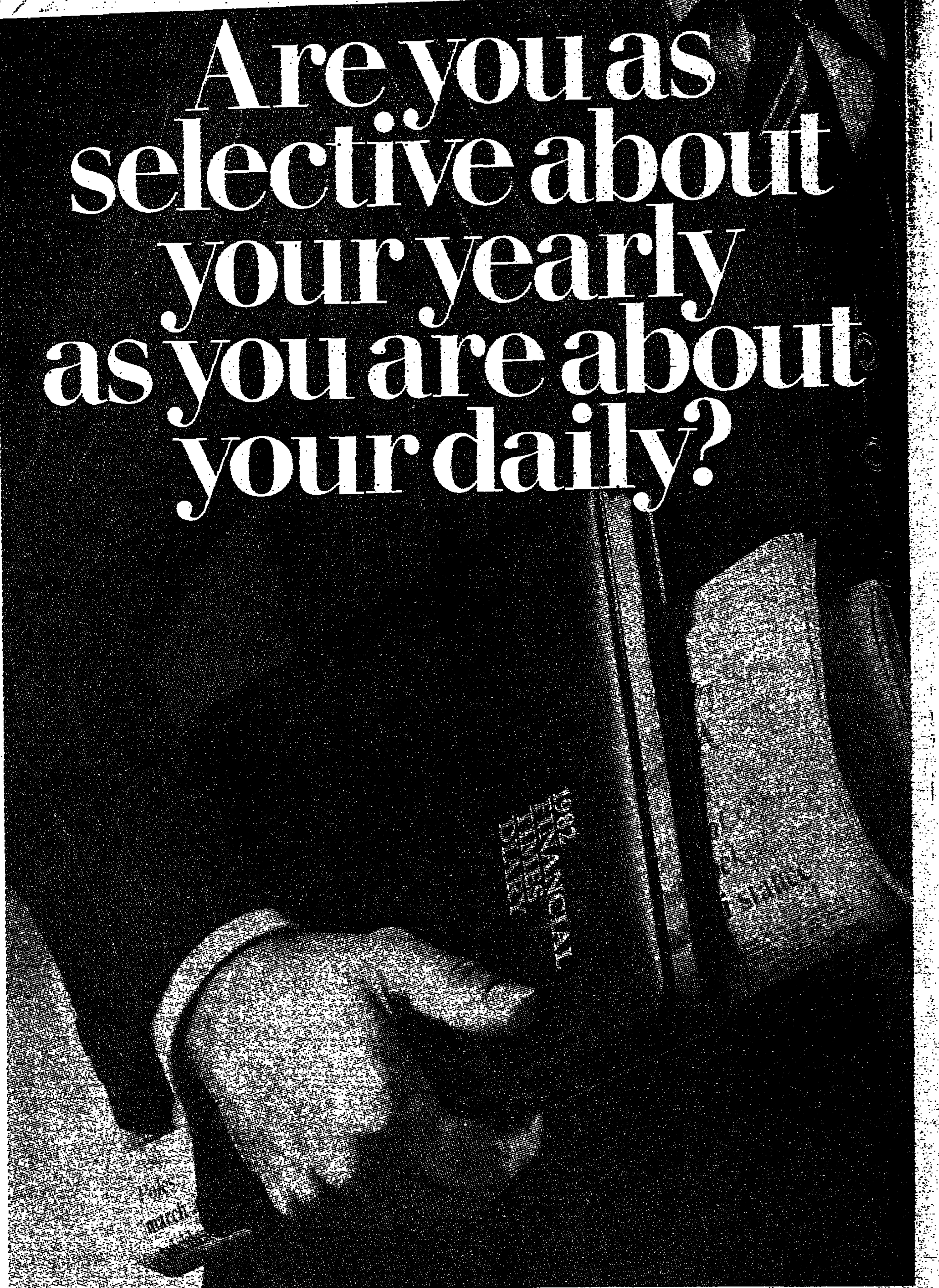
AUSTRALIA

Sept. 2	Price Aust. $	+ or —
ANZ Group	5.36	......
Acrow Aust	1.20	......
Allstate Expl	1.03	+0.03
Ampol Pet	1.50	......
Assoc. Pulp Pap.	2.20	......
Audimco	0.15	......
Aust. Cons. Ind	1.89	—0.01
Aust. Guarant.	2.18	—0.02

JAPAN (continued)

Sept. 2	Price Yen	+ or —
Kubota	349	......
Kumgai	337	+2
Kyoto Ceramic	5,400	—150
Lion	390	—14
Maeda Cons	510	......
Makita	950	......
Marubeni	327	—3
Marudai	640	......

Financial Rand US$0.81½ (Discount of 22%)



When it comes to selecting a diary, naturally enough we all like to believe we make the wisest choice.

So before you decide for 1982, don't you owe it to yourself to find out more about the new edition of the Financial Times International Diary?

If we told you that many leading executives believe it to be the finest business diary available anywhere in the world, we wouldn't blame you for donning a wry smile.

Instead, we'd prefer to give you a few facts.

THE LOOKS

To open up with, we're extremely particular about the hand-finished leather bindings we use.

Indeed, to produce our black leather diaries; nine out of ten skins are rejected before we find one single hide that's up to the standard required.

Then there's our book-binding and gold-blocking. This is painstakingly carried out in Cornwall, where the skills of this ancient craft are still to be found.

And to truly mark its place among other diaries, we give ours a specially woven, non-fraying ribbon made for us by the suppliers to the Royal Household.

THE CONTENTS

As you might expect from Europe's leading business newspaper, the Financial Times Diary does not neglect the more everyday needs of the international businessman.

A good half of its 272 pages contains many indispensable facts and figures.

In all, there are over 30 carefully-researched sections. Including an enlarged international travel section with information about hotels, local business hours, airports and car hire.

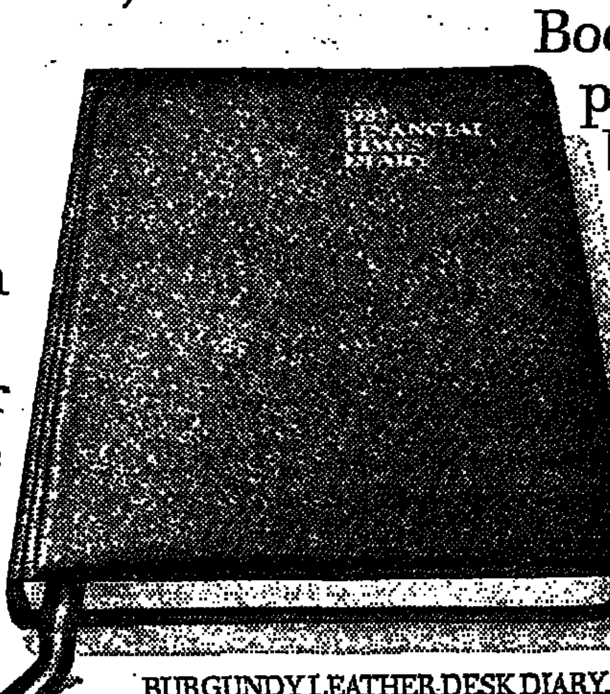
THE PERMANENT ADVERTISEMENT

If you wish, your own publicity pages may be bound in the front. And for a modest sum you can have initials, company name or logo gold-blocked on the front cover.

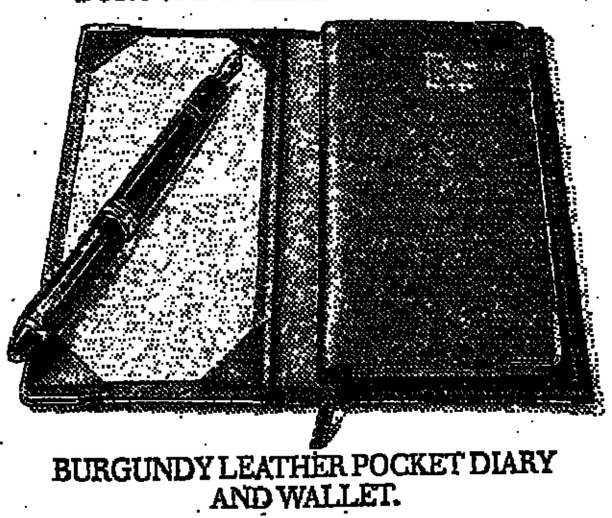
As a business gift, could there be a more cost-effective way for your company to run a corporate advertising campaign?

THE POCKET DIARY AND ADDRESS BOOK

The pocket edition has gilt metal corners and is available with or without a silk lined double pocket wallet.



BURGUNDY LEATHER DESK DIARY.



BURGUNDY LEATHER POCKET DIARY AND WALLET.

As with our 100 page, thumb-indexed Financial Times Address Book, the front cover may be personalised with gold-blocking.

Although slim, this diary is anything but slender on information.

Like the coupon below, used wisely it could change the habits of a lifetime.

FINANCIAL TIMES DIARY 1982

Diary Department, The Financial Times Business Publishing Ltd., Minster House, Arthur Street, London EC4R 9AX.

Post to: Diary Department, The Financial Times Business Publishing Ltd., FREEPOST, London EC4B 4DT. (No stamp needed in UK.) Overseas customers should use address shown outside coupon. I understand that if I am not totally satisfied with my diary, I may return it within 28 days for a full, no-questions-asked refund.

PLEASE SEND THE FOLLOWING	PRICE	QUANTITY
Desk diary, black leather	£37.20	☐
Desk diary, burgundy leather	£25.42	☐
Desk diary, black simulated leather	£14.38	☐
Pocket diary, black leather	£8.68	☐
Pocket diary, burgundy leather	£7.55	☐
Pocket diary & wallet, black leather	£19.52	☐
Pocket diary & wallet, burgundy.	£17.02	☐
Address book, black leather	£19.21	☐
Address book, burgundy leather	£16.22	☐

Prices include p&p and VAT for UK only.
For prices overseas, please tick box ☐

GOLD BLOCKING

Initials only: £1.27 per item. Initials and name £2.59 per item.
If you require this service please give precise instructions for each item.

FREE COLOUR BROCHURE

Please send me fully descriptive brochure ☐

DISCOUNTS OF UP TO 25%

Please send me details of bulk discounts ☐

I enclose crossed cheque/PO for £
Remittances should be made payable to The Financial Times Business Publishing, (DY) and shall be held on your behalf in this Account until the goods are despatched.
Payment may also be made by credit card.
Tick choice: Visa ☐ AmEx ☐ Access ☐ Diners Club ☐

Name (Mr/Mrs/Miss/Ms) (PLEASE PRINT) ____________

Address ____________

Postcode ________ Tel. ________ Signature ________

The Financial Times Diary is also available at Ryman and other selected stores.

The Financial Times Business Publishing Ltd., Registered Office: Bracken House, 10 Cannon Street, London EC4P 4BY. Registered No: 980896.

EI2

Grain strike may cripple Canada's export trade

BY OUR COMMODITIES STAFF

A STRIKE which could cripple Canada's crucial grain export trade began yesterday when 1,600 grain handlers walked off the job at the country's busiest grain port.

Workers at the Ontario port of Thunder Bay, which last year handled 55 per cent of Canada's grain exports, have been without a contract since January 31. They are seeking improved job security and a better wage deal than the 25.9 per cent over two years offered by their employers.

Attempts to settle the dispute broke down at the weekend and on Tuesday a picket line was set up at the elevator operation of Cargill Grain Company, one of six exporters involved in the dispute.

Yesterday this action was escalated into a full-scale strike after the employers' association told the union that a strike against any one of its members would be construed as a strike against all members.

In 1980 the port, at the head of Lake Superior, shipped 15m tonnes out of Canada's 24m-tonnes grain export total. It also handles virtually all domestic movements in eastern Canada. The last grain workers' strike there, in 1968, lasted two months.

From Washington, meanwhile, Reuter reported that the U.S. Department of Agriculture (USDA) was seriously considering an acreage reduction programme for 1982-crop wheat.

Previously, Mr John Block, the agriculture secretary, had maintained that he was "philosophically opposed" to any sort of land diversion scheme for next year's wheat crop. But officials said yesterday that thinking within the USDA had changed reflecting budget considerations, the need for trade-offs on the 1981 farm bill and the recent slump in wheat prices. There was now a good chance of such a programme being adopted, they added.

They said the acreage could be reduced by as much as 20 per cent if and when the decision was taken. This would have to be soon, they noted, as between 35 and 50 per cent of the winter wheat crop had already been planted.

Farmers not complying with the programme would lose the right to government loans, target price protection and entry into the farmer-owned grain reserve. But at least 30 per cent of farmers are expected to take this option thus reducing potential support spending. Deficiency payments for last year's wheat crop are expected to total about $500m.

Many farm groups are keen for an acreage reduction programme to be introduced and such a move might win concessions from farmer representatives in Congress on Administration proposals for the four-year Farm Bill, the officials said.

● The U.S. and China yesterday opened two days of talks on their grain trade in the first session of negotiations called for under a four-year agreement signed last October.

USDA officials predicted no dramatic developments from the talks, being held against a background of abundant U.S. grain supplies, and China's growing import needs.

Under the accord which took effect last January, China agreed to buy at least 6m tonnes of grain a year, and can take up to 9m tonnes without prior U.S. approval.

The officials estimated that Chinese grain purchases this year may approach 9m tonnes, but will not exceed the maximum allowed.

Sharp rally in coffee prices

A LATE upsurge left London coffee prices sharply higher in London yesterday as buyers responded to a permissible limit rise in New York. The November futures position ended the day £81.50 up at £918.50 a tonne reversing a downtrend which had wiped £130 off nearby values in a week.

The New York advance was encouraged by good roaster demand for cheap Brazilian coffee.

Some traders said they believed Brazil had been holding prices down in order to encourage agreement at next week's International Coffee Organisation talks in London, when support prices and quotas for next season will be discussed.

Bernhard Rothfos, the West German coffee trading house, said it thinks the changed situation on the world coffee markets, following the recent frosts in Brazil, should make it easier for delegates at next week's International Coffee Organisation (ICO) conference to agree on somewhat lower quotas for 1981-82 exports to member countries, reports Reuter from Hamburg.

The four quota reductions during the 1980-81 season should thus be avoided, it said in its latest report.

It added 1981-82 demand from ICO consumer countries will remain at 55m tonnes and the talks should aim to set the export quota at this level.

If individual quotas are divided according to consumption, it should be possible to accommodate demand through a lower total export quota and thus avoid a further price fall.

Further falls in sugar market

BY RICHARD MOONEY

WORLD SUGAR prices fell again yesterday as excellent European crop prospects continued to depress the market. In the morning the London daily raw sugar price was fixed £17 lower at £155 a tonne, the lowest level since November 1979. On the futures market the January position slipped to £157 a tonne at one stage before steadying to close £2.75 down at £163.25 a tonne.

In Paris the French Sugar Market Intervention and Regularisation Fund (Firs) estimated that EEC sugar production in the 1981-82 season would total around 13.7m tonnes, up 1.45m from 1980-81. This was largely due to an expected jump of 690,000 tonnes in French output to a record 4.6m tonnes. Firs also predicted increased production in Belgium, Italy, West Germany and the Netherlands but only average production in the UK, Greece, Denmark and Ireland.

At the weekly EEC sugar export tender in Brussels the EEC Commission granted export licences for 53,250 tonnes of white sugar at a minimum export rebate of 27.991 European currency units per 100 kilos. This was slightly higher than had been predicted but had no discernible effect on market tone.

Excessively large EEC exports at subsidised prices were largely responsible for the depressed state of the world market, Philippine Sugar Commission chairman Mr Roberto Benedicto claimed in Manila yesterday. Also to blame were large indicated outputs for other European states, besides Australia, India, Thailand and Cuba, he said. Another factor was the reluctance of U.S. refiners to build up stocks because of high interest rates.

The International Sugar Organisation (ISO) will decide tomorrow whether to call a special meeting next week to consider cutting members countries' export quotas in an effort to halt the price slide. Delegates fear such a move would have little effect on actual availability this year, but some hope that it might act as a psychological prop to the market.

● Growth in world sugar consumption this decade is likely to average about 2.6 per cent a year, well ahead of the 1.5 per cent indicated by past trends, according to an Economist Intelligence Unit report published today.

It says consumption in developed countries is likely to slow to half the 1 per cent rate recorded in the 1970s. But in East Asia the rise is expected to be much faster (though decelerating) and in Africa and South Asia fast and accelerating as developing world populations and incomes grow.

Grenada nutmeg exports fall

By Tony Cozier in Bridgetown

EXPORTS of nutmeg and mace from Grenada have fallen below Eastern Caribbean $5m (one Eastern Caribbean dollar equals U.S. 37 cents) for the first six months of 1981 and the Grenada Co-operative Nutmeg Association has declared an overall trading deficit for the first time since 1972.

Sales for the first half of the year totalled Eastern Caribbean $4.3m and the co-operative said its overall deficit at that time was Eastern Caribbean $19.6m. Sales in 1980 were valued at Eastern Caribbean $11.8m.

The co-operative blamed the fall on unfavourable market conditions caused by falling demand caused by the "world-wide economic recession" and "because of selling pressures from individual exporters in Indonesia."

INDONESIAN PALM OIL

Government scuppers export drive

BY RICHARD COWPER IN NORTH SUMATRA

THE INDONESIAN Government's new policy of forcing domestic cooking oil manufacturers to switch from coconut oil to palm oil as their main source of raw material is continuing to make heavy inroads into Indonesia's crude palm oil exports in 1981.

Indonesia, traditionally the world's largest exporter of crude palm oil after Malaysia, is widely expected to export less than half of last year's estimated 434,000 tonnes of palm oil exports.

Estimates, however, of just how much crude palm oil Indonesia will export this year vary very widely indeed, ranging from a low of 100,000 tonnes to a high of 250,000 tonnes. Most observers and government officials however are predicting exports of crude palm oil of between 150,000 tonnes and 200,000 tonnes.

What is clear is that exports in the first half of this year were down by at least 50 per cent compared to the same period last year. According to statistics from the Northern Sumatran port of Belawan, from where most of the country's crude palm oil has been traditionally exported, crude palm oil exports in the first six months of this year were around 84,000 tonnes, down by about half compared to the first six months of 1980.

A small proportion of the drop in exports can be attributed to a poorer than expected crop in the latter part of last year and the first few months of 1981, but by far the most significant factor was the high proportion of the crop (around 70 per cent) which the government forced producers to sell on the domestic market.

In what looks like an attempt to screw the knife in even further, in the second half the Government has ordered the private and Government-owned estates, which account for almost all of the country's palm oil production, to sell virtually all their output on the domestic market, leaving at most 30,000 tonnes to 40,000 tonnes available for export. Though this is likely to be bolstered by around 75,000 tonnes of refined palm oil exports (over which there are no export controls) it would mean that for the whole of 1981 Indonesia's crude palm oil exports would amount to no more than 120,000 tonnes, around a third of last year's total of 434,000 tonnes.

If the experience of the past two years is anything to go by, however, the Government may well allow a higher level of exports in the latter part of the year that originally allowed for, and a number of managers in the key Government estate sector believe that this could push up year-end exports of crude palm oil to as much as 200,000 tonnes.

The enormous increase in this year's allocation to the domestic market is undoubtedly part of the Government's continuing effort to force the cooking oil industry to switch from coconut oil to palm oil, leaving the higher priced coconut oil free for export. Just five years ago Indonesia was exporting all its palm oil, but since the Government embarked on its substitution policy in earnest in 1978 domestic palm oil consumption has grown rapidly from around 100,000 tonnes in 1978, to 150,000 tonnes in 1979 and to an estimated 250,000 tonnes last year. This year the Government is asking local industry to absorb more than 500,000 tonnes, over double what it consumed last year.

Some commentators doubt whether cooking oil producers are geared up to take quite such a large increase in refined palm oil. With the Indonesian public still preferring coconut oil, cooking oil producers have been forced to offer their customers a blend of both oils to make the product acceptable and so it is not simply a matter of switching from one to the other.

There is little doubt, however, that Indonesia does have sufficient refining capacity in place. Since 1978 when the Government made it clear that it was firmly committed to a coconut oil substitution policy there has been a headlong rush to invest in palm oil refining plant. Current fractionation capacity is believed to be around 700,000 tonnes and could well be approaching 1m tonnes (more than Indonesia's total production) by the middle of next year.

With coconut oil production expected to reach around 750,000 tonnes (roughly the same as last year) and cooking oil demand unlikely to be up more than 10 per cent, this would mean that Indonesia could find itself with around 150,000 tonnes of coconut oil for export after being an importer for several years. This is what the Indonesian Government's policy has been all about.

Aluminium investment plans cut

BY ROY HODSON

THE ALCOA programme for world investment in new aluminium production facilities is being cut back this year and probably in 1982 as well to take account of the recession that has hit the industry.

Alcoa is the world's biggest producer of aluminium products and has heavy investment programmes in the U.S., Brazil and Australia. The likelihood is that some $75m will be lopped from the group's capital investment programme reducing it to around $700m for 1981.

Mr Jim Passman, Alcoa's executive vice-president, finance, said in London yesterday: "We shall stretch out some projects and delay some which have not yet been started."

Mr Krome George, the chairman, emphasised, however, that Alcoa has not been forced to cancel any main project, either in the U.S. or overseas. He said he was fairly optimistic that some markets for the metal, including automotive production and construction, would revive before long.

Alcoa is now working on the assumption that demand for aluminium metal will increase by an average 5.5 per cent a year during the period 1980 to 1986. Metal smelters throughout the industry would have to operate at 93 per cent of capacity to meet such levels of demand. At present the average rate of working in the industry is nearer only 80 per cent.

The row between Alcoa and the Australian state of Victoria over the price of electricity for a new A$1bn smelter is likely to be resolved by negotiation, in spite of earlier Alcoa threats that the group might abandon the partly completed project. Mr George said: "I am convinced that the basic economics are such that a solution to the dispute will be found."

● Alcoa shares are to be listed on Swiss bourses, and the London and Frankfurt stock exchanges from this week.

Thailand to import cotton

BANGKOK—Thailand will need to import raw cotton for its textile factories in spite of the fact that under the five-year plan starting next month, the country's cotton production will increase.

The National Economic and Social Development Bureau has set a production target for 1986 of 450,000 tonnes of raw cotton compared with a target of 240,000 tonnes in 1982.

That cotton production in the 1981/82 season (October to February) increased to 230,000 tonnes

Horsemeat inquiry today

CANBERRA — Australia will open an inquiry today into how the flesh of kangaroos and horses was exported as beef, acting Prime Minister Doug Anthony said yesterday.

Federal police here are already probing the issue which is troubling the country's lucrative meat export trade. Mr Anthony said he may send primary industry minister Peter Nixon to the U.S. to explain the government's efforts to solve the scandal. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange. Copper held steady for most of the day but fell away on late kerb, in line with Comex, with forward metal closing at £947.5, after £946. Lead was finally £409, after news of Asarco's producer price cut. Zinc ended at £424 reflecting the late fall in copper, while Tin closed at £8,255 after good support buying was noted at the £8,250 level. Aluminium closed at £671.5 and Nickel at £3,235.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	925-.5	—10.2	924-5	—4.5
3 months	954.5-5	—8.75	953-4	—3.5
Settlem't	925.5	—11	—	......
Cathodes				
Cash	925-6	—10.5	925-6	—4
3 months	947-9	—9	946-7	—2.5
Settlem't	926	—18	—	......
S. Prod	—		*92.5-9.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £927.5, 26, three months higher grade £957, 56.5, 56, 55.5, 55, 54.5. Cathodes cash £926. Kerb: Wirebars three months higher grade £956, 55, 55.5, 55. Afternoon: Wirebars three months higher grade £956, 54, 53.5. Kerb: Wirebars, three months higher grade £952, 51, 50, 50.5, 50, 49, 48.5, 48, 49, 48.5, 50, 50.5, 50, 49, 48, 46, 47. Turnover 16,500 tonnes.

Tin—Morning: Standard, cash £8,080, three months £8,270, 65, 70, 65, 60. Kerbs: Standard, three months £8,260. Afternoon: Standard, three months £8,250, 50, 60. Kerbs: Standard, three months £8,255. Turnover: 1,065 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8065-70	—27.5	8055-65	—12.5
3 months	8255-60	—27.5	8250-60	—10
Settlem't	8070	—30	—	......
Standard				
Cash	8065-70	—27.5	8055-65	—12.5
3 months	8255-60	—27.5	8250-60	—10
Settlem't	8070	—30	—	......
Straits E.	£535.15	+9.26	—	......
New York	—	......	—	......

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	407-8	—4.25	404.5-5.5	—.5
3 months	414.5-5	—4	411-2	—1
Settlem't	408	—4	—	......
U.S. Spot	—	......	*42.4	......

Lead—Morning: Cash £408, three months £413, 14, 14.5. Kerbs: Three months £412, 11.5. Afternoon: Cash £405, three months £408, 09, 10, 09, 11. Kerbs: Three months £411, 10, 10.5, 10, 09, 10. Turnover: 16,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	514-5	—1.25	514-5	......
3 months	529-30	—1	528.5-9.5	—.25
S'ment	515	—1	—	......
Primw'ts	—	—	*49.75-50	......

Zinc—Morning: Three months £527.5, 28, 28.5, 28, 27.5, 27, 28, 29. Kerbs: Cash £513.5, three months £528, 27.5. Afternoon: Three months £527.5, 28, 27.5, 30, 29. Kerbs: Three months £529, 28, 27, 25. Turnover: 5,575 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
	£	£	£	£
Spot	652-3	—10	643.5-4.5	—17
3 months	677-8	—8.75	668.5-9	—16.5

Aluminium—Morning: Three months £677, 78, 78.5, 79, 79.5, 79, 78. Kerbs: Three months £676, 75, 76, 75.5, 75. Afternoon: Three months £675, 75.5, 75, 74, 72, 73, 72, 69, 68, 69, 68.5. Kerbs: Three months £669, 70, 71, 72, 71, 71.5, 72. Turnover: 10,275 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3175-85	+7.5	3155-65	—5
3 months	3230-40	+4	3225-35	+7.5

Nickel—Morning: Three months £3,235. Kerbs: Three months £3,235, 40. Afternoon: Three months £3,235, 30. Kerbs: Three months £3,230. Turnover: 216 tonnes.

Nickel—Morning: Three months £3,230, 20, 15. Turnover 462 tonnes.

SILVER

Silver was fixed 11.2p an ounce higher for spot delivery in the London bullion market at 510.40p. U.S. equivalents of the fixing levels were: spot $9.3970, up 24.7c; three-month $9.7850, up 23.9c; six-month $10.2230, up 24.2c; and 12-month $11.0210, up 25.7c. The metal opened at 505-510p ($9.30-9.40) and closed at 507½-512½p ($9.34-9.44).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	510.40p	+11.2	508p	+8.0
3 months	526.60p	+11.5	524.5p	+8.25
6 months	543.60p	+11.8	—	......
12months	577.60p	+11.3	—	......

LME—Turnover 159 (76) lots of 10,000 ozs. Morning: cash 510, 09.5, 10; three months 527, 26, 26.5, 26. Kerb: three months 526, 26.5. Afternoon: three months 525, 24.5. Kerb: untraded.

COCOA

Prices were firm again following a steady New York close, particularly forward positions. The September position, having had 1,290 lots previously tendered, weakened against forwards. Physical business was again quiet, origins awaiting buffer stock purchases before renewing sales, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sept	1213-20	+5.0	1228-10
Dec	1272-73	+14.0	1276-64
March	1290-91	+14.0	1293-82
May	1297-00	+14.0	1300-290
July	1305-07	+18.0	1306-298
Sept	1315-16	+18.5	1318-08
Dec	1322-25	+22.0	1318

Sales: 4,010 (4,483) lots of 10 tonnes.

ICCO—Daily price for Sept 1: 105.33 (104.98); Indicator price for Sept 2 103.78 (103.24).

COFFEE

In line with expectations gains were posted during a fairly active opening, reports Drexel Burnham Lambert. Trade buying together with reports of roaster price fixing up the 4 cent limit gain in New York encouraged a stronger market.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	884-90	+70.5	882-39
Nov	918-19	+81.5	919-80
Jan	916-18	+72.5	927-72
March	920-25	+71.0	925-15
May	920-39	+67.0	940-00
July	954-55	+68.5	950-30
Sept	956-60	+40.6	976-50

Sales: 6,944 (6,161) lots of 5 tonnes.

ICO indicator prices for Sept 1: (U.S. cents per pound): Comp. Daily 95.63 (96.78); 20-day average 106.34 (107.05).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller business). Australian cents per kg. Oct 496.0, 499.0, 499.0-497.5; Dec 507.5, 508.0, 508.0-507.0; March 519.0, 519.5, 520.0-519.0; May 527.5, 528.0, 529.0-527.5; July 534.1, 534.5, untraded; Oct 530.0, 532.0, untraded; Dec 532.0, 534.5, untraded; March 537.5, 543.0, untraded. Sales: 56.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Dec 389, 400, 393; Dec 398, 398, 401-393; Jan 404, 406, 404; March 413, 415, 414-413; May 422, 423, 422; Aug 435, 435, 414.

nil; Oct 435, 441, 437; Dec 437, 439, 439; Jan 438, 443, 440; March 445, 448, 447. Sales: 43.

GAS OIL FUTURES

In very thin conditions the market drifted lower due mainly to lack of any real physical news, reports Premier Men.

Month	Yesterdys' close	+ or —	Business Done
	$ U.S. per tonne		
September	299.75	—2.50	302.25-00.00
October	304.00	—1.75	308.00-04.00
November	307.25	—1.50	309.00-07.25
December	310.00	—1.50	312.00-10.00
January	313.00	—1.50	315.00-13.00
February	315.75	—1.25	—
March	318.25	—1.00	—
April	321.00	—	—
May	323.50	—0.75	—

Turnover: 122 (75) lots of 100 tonnes.

GRAINS

Wheat and barley opened higher. Wheat traded higher on country and commercial buying. Lack of buyers on barley saw distants ease, while spot held steady, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Sep	107.55	+0.40	99.10	+0.20
Nov	109.75	+0.25	102.30	+0.05
Jan	113.70	+0.20	106.25	—
Mar	117.50	+0.20	109.90	+0.05
May	120.90	+0.25	113.40	—0.10
July	124.20	+0.20	—	—

Business done—Wheat: Sept 108.05-107.45, Nov 110.05-109.65, Jan 114.00-113.65, March 117.40-117.20, May 120.85-120.75, July 124.25-124.15. Sales: 369 lots of 100 tonnes. Barley: Sept 99.10-98.85, Nov 102.50-102.05, Jan 106.45-106.05, March 109.75 only, May no trades. Sales: 277 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Sept 113.00, Oct 112.75 transhipment East Coast seller; U.S. Hard Winter 13½ per cent Sept 117.50 transhipment East Coast sellers; English feed fob Sept 109.25 paid East Coast. Maize: French Sept 126.00 transhipment East Coast seller; South African Yellow Sept 91.50 seller East Coast. Barley: English Feed fob Sept 103.50, Oct-Dec 108.00 seller East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 102.00, E. Midlands 104.00, N. East 102.60. Feed barley: Eastern 95.60, E. Midlands 97.90, N. East 97.60, Scotland 95.30. The UK Monetary Coefficient for the week beginning Monday September 7 is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing easier. Lewis and Peat reported a fob Sept price for No. 1 RSS in Kuala Lumpur of 254.5 (253.5) cents a kg and SMR20 205.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	60.10-60.20	60.70-63.00	—
Nov	60.80-61.10	61.70-61.80	—
Oct-Dec	60.80-61.10	61.70-61.80	61.10
Jan-Mar	64.10-64.20	65.10-65.30	64.90-64.10
Apl-Jne	67.30-67.50	68.30-68.40	68.00-67.30
Jly-Sept	70.40-70.60	71.30-71.60	71.10
Oct-Dec	73.60-73.70	74.50-74.70	74.10-73.60
Jan-Mar	76.80-76.90	77.80-77.80	77.80-76.80
Apl-Jne	79.90-80.00	80.50-81.00	80.00

Sales: 195 (352) lots of 15 tonnes; Nil (6) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 58.50p (59.50p); Oct 57.50p (58.25p); Nov 58.50p (59.60p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 10 tonnes. Lack of enterprise pervaded the market and conditions were not conducive to an active turnover. Buying was restricted to very small contracts in American type varieties.

SOYABEAN MEAL

The market opened with small losses in dull trading conditions, reports T. G. Roddick. Late commission house selling found scale down trade buying.

	Yesterdys Close	+ or —	Business Done
	£ per tonne	—	—
October	152.80-55.5	—1.70	155.80-55.80
December	133.80-34.0	—0.50	134.00-33.80
February	135.50-36.0	—0.40	136.00-35.80
April	136.50-38.5	—0.25	—
June	137.00-41.0	—0.50	—
August	138.00-45.0	—0.50	—
October	138.00-45.0	—0.50	—

Sales: 41 (85) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £155.00 (£172.00) a tonne cif Sept-Oct shipments. White sugar daily price £150.00 (£188.00).

The market opened unchanged but lost ground on hedge selling ahead of EEC export tender. New lows were recorded before profit-taking produced a slightly better tone, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	162.00-62.25	164.25-64.70	166.75-54.50
Jan	163.00-63.50	165.75-66.25	162.75-57.00
March	169.00-69.25	171.00-71.25	171.00-67.00
May	173.00-73.50	175.50-75.75	175.75-65.00
Aug	176.50-75.00	179.50-80.00	178.50-70.00
Oct	179.50-80.50	183.50-84.50	182.00-76.00
Jan	178.75-81.00	185.00-87.50	—

Sales: 8,990 (6,451) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne fob home trade and £261.0 (£277.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 1: Daily price 11.46 (12.43); 15-day average 14.00 (14.30).

POTATOES

LONDON POTATO FUTURES—Failure to break chart support level at 118.00 on April attracted fresh buyers to all positions, and with firmer values on physical market, prices closed at the highs, reports Coley and Harper. Closing prices: Nov 84.90, +2.90, (high 84.50, low 82.00); Feb 105.40, +3.10, (high 105.40, low 102.50); April 121.60, +3.50, (high 121.50, low 118.00). Turnover: 367 (345) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 71.0 to 77.0; Ulster hindquarters 85.0 to 90.5. Veal: Dutch hinds and ends 119.0 to 124.0. Lamb: English small 55.0 to 61.0, medium 53.0 to 58.0; Imported frozen—New Zealand PL 57.5 to 58.2, PM 56.0 to 57.0. Pork: English, under 100 lb 38.0 to 51.0, 100-120 lb 42.0 to 50.0, 120-160 lb 37.5 to 48.5.

MEAT COMMISSION—Average Fatstock prices at representative markets on September 2. GB—Cattle 88.39p per kg lw (+1.47). UK—Sheep 123.96p per kg est dcw (+0.57). GB—Pigs 69.34p per kg lw (+1.14).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.30, 56 6.20, 72 6.25, 88 5.55, 112 5.00, 138 4.95, 150 4.60; Argentine: 64/88 6.50-7.00; Brazilian: 113/64 4.70-5.50. Lemons—Spania: boxes 6.00-9.00, trays 25/50 2.40-3.40; Outspan: 80/195 5.50-10.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Argentine: all sizes 3.60-4.00. Apples—U.S. Red Delicious 10.00-12.00; Spanish: new crop, Golden Delicious 40-lb 4.40-4.80; French: new crop, Golden Delicious 20-lb 2.80-3.00, 40-lb 5.60-5.80; Italian: Golden Delicious 20-lb 2.00-2.40. Pears—French: Per pound Williams' 0.13-0.15; Italian: Per pound 0.14-0.18; Spanish: Per pound 0.14-0.18. Nectarines—Italian: large trays A/C 3.50-4.50. Plums—Italian 20-lb Giant Prune 3.20, Stanley 3.20, President 3.80-4.00; Hungary: Switzens 1.80-1.90. Greengages—French: 9-kilos 2.50-2.80; Spanish: 11 lb 2.00-2.50. Strawberries—U.S.: 12-oz punnets 1.20. Grapes—Cyprus: 11-lb Thompson 4.60, Alphonse Lavallee 3.00, Sultana 11-lb 2.80-3.00; Spanish: Alphonse Lavalee 11-lb 2.00-2.40, French: Alphonse 13-lb 2.60-2.80; Italian: Regina 2.00-2.40, Alphonse Lavallee 4.20, Italia 3.00-3.20. Melons—Spanish: 10-kilos yellow 2.60-3.00. Water-melons — Hungarian: 13-kilos 3.00-3.50; Italian: 17-kilos 5.00-5.50; Greek: 4.00-5.00. Peaches—Italian: Large trays A/C 2.00-2.80; French: A/C 1.80-2.60. Pineapples—Ivory Coast: Each 0.40-1.10. Bananas—Colombian: Per pound 0.19. Avocados—Kenyan: English Produce: Potatoes—Per 56-lb white 2.20-2.60, red 2.40-2.70, King Edwards 2.60-3.20. Mushrooms—Per pound open 0.30-0.35, closed 0.50-0.60. Apples—Per pound Bramley 0.10-0.15, Grenadier 0.06-0.09, Howgate 0.10-0.12, Discovery 0.14-0.22, Miller's Seedling 0.07-0.10, Worcester Tydeman 0.12-0.22. Cauliflowers—Per 12 Lincoln 2.40-3.00. Cabbages—Per bag Primo 30-lb 1.00-1.50. Lettuce—Per 12 round 1.00-1.20, Cos 10/12 1.60-2.00, Webb's 1.60-2.00. Tomatoes—Per 12-lb D 2.20-2.50, E 2.00-2.20. Radishes—Per pack of 12 x 8-oz 1.60, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60 mm 2.50-3.00. Celery—Per 18/28, winter crop 3.00-3.50. Cucumbers—Per 10/20 1.80-2.00. Carrots—Per 28/28-lb 0.80-1.20. Strawberries—Per ½-lb 0.20-0.50. Raspberries—Per ¼-lb 0.50-0.60. Plums—Per 12-lb Victoria 0.20-0.25, Damson 2.40, Belle 1.80-2.00. Beetroots—Per 28-lb 1.20-1.50. Marrows—Per box 0.80-1.00. Fennel—Per 10-lb 3.00. Parsnips—Per pound 0.09-0.12. Stick beans—Per pound 0.10-0.20. Ground beans—Per pound 0.05-0.08. Swedes—Per net 1.20-1.40. Leeks—Per 10-lb 2.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 2 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1200/1250	—10	$1210/240
Copper			
Cash w'bar	£924.5	—4.5	£999.5
3 mths	£953.5	—3.5	£1,029.75
Cash Cathode	£924	—4	£995
3 mths	£946.5	—2.5	£1,021.25
Gold troy oz	$429.5	+4.5	$392.5
Lead Cash	£405	—0.5	£491
3 mths	£411.5	—1	£489.75
Nickel	£4106.25	......	£4,087.5
Free mkt	270/290c	......	275/295c
Platin'mtr'y oz	£260	......	£260
Freemkt	£234.60	+2.8	£217.15
Quicksilver	$425/430	......	$428/438
Silver troy oz	510.40p	+11.2	458.35p
3 mths	526.60p	+11.5	474.10p
Tin Cash	£8060	—12.5	£7865.5
3 mths	£8255	—10	£7852.5
Tungsten22.0lb	$145.43	......	$144.57
Wolfrm 22.04lbs	$144/148	......	$148/160
Zinc Cash	£514.5	......	£538.5
3 mths	£529	—0.25	£551.75
Producers	$925/1000	......	$925
Oils			
Coconut (Phil)	$570z	......	$575
Groundnut	‡	......	‡
Linseed Crude	£432	......	£462
Palm Malayan	$505z	+10	$547.5
Seeds			
Copra Philip	$360	—5	$370
Soyabean (U.S.)	$282	......	$308
Grains			
Barley Fut. Nov	£102.30	+0.05	£101.85
Maize	£126	......	£126
Wheat Fut. Nov	£109.75	+0.25	£109.00
No2 HardWint	£117.50	+0.5	£120.00
Other commodities			
Cocoa ship't *	£1265	+17	£1,230
Future Dec.	£1272.5	+14	£1,239
Coffee Ft' Nov.	£918.5	+81.5	£997
Cotton A.Index	78.80c	+0.7	83.80c
Gas Oil Oct.	$304.0	+1.75	$300
Rubber (kilo)	58.5p	—1	65p
Sugar (Raw)	£155w	—17	£216
Woolt'ps 64s kl.	392p kilo	......	394p kilo

‡ Unquoted. z Oct. w Sept-Oct. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Sept 2.

Precious metals rallied sharply on technical buying which triggered stop-loss orders. Copper was stronger on good technical support. Cattle futures were lower on easier cash quotes while a bullish report on pork belly utilisation rallied the pork complex. Heating oil found support against the previously oversold position and advanced moderately. Coffee rallied on reports of continued dry weather in Brazil and dealer buying ahead of the ICO quota announcement. Trade and commission house buying moved cocoa prices moderately higher, reported Heinold.

Copper—Sept 77.70 (76.75), Oct 78.85 (77.90), Nov 80.15, Dec 81.35-81.55, Jan 82.65, March 85.20-85.40, May 87.60, July 89.95, Sept 92.30, Dec 95.65, Jan 96.75, March 98.95, May 101.15, July 103.35.

*Gold—Sept 434.0 (426.9), Oct 438.0-440.5 (432.1), Nov 445.8, Dec 452.0-453.0, Feb 466.3-467.0, April 479.0, June 491.0-492.0, August 503.5, Oct 516.5, Dec 529.7, Feb 543.1, April 556.8, June 570.7.

*Platinum—Sept 438.7 (429.3), Oct 444.0-445.0 (425.3), Nov nil, Jan 460.7, April 476.9, July 492.2, Oct 509.5. Sales: 2,886.

Potatoes (round whites)—Nov 75.0-75.2 (74.6), Feb 84.0-85.0 (83.0), March 90.5-91.2, April 105.0-105.3. Sales: 1,474.

¶Silver—Sept 966.0-970.0 (934.5), Oct 981.0 (947.5), Nov 995.0, Dec 1006.0-1009.0, Jan 1028.0, March 1050.0, May 1079.0, July 1107.0, Sept 1135.0, Dec 1177.0, Jan 1191.0, March 1219.0, May 1247.0, July 1275.0. Handy and Harman Bullion Spot: 936.00 (919.00).

Sugar—No. 11: Oct 12.05-12.12 (11.66), Jan 12.40-12.45 (11.85), March 12.85-12.90, May 13.15, July 13.37-13.40, Sept 13.65-13.75, Oct 13.70. Sales: 15,110.

Tin—692.00-690.00 (685.00-688.00).

CHICAGO, Sept 2.

LARD—Chicago loose 22.25 (22.00).

Live Cattle—Oct 66.40-66.50 (67.30), Dec 66.65-66.70 (67.32), Feb 65.05-65.15, April 65.20-65.25, June 66.00, Aug 65.90, Oct 65.60.

Live Hogs—Oct 50.85-50.70 (50.67), Dec 52.90-52.87 (52.35), Feb 53.30-53.20, April 50.75, June 52.62, July 52.97, Aug 51.80, Oct 50.77, Dec 53.10.

‡‡Maize—Sept 293¼-293½ (291½), Dec 306-306¼ (306¼), March 323¾-323½, May 334½-334¼, July 342¼, Sept 345¼.

Pork Bellies—Feb 68.05-67.80 (66.07), March 67.35-67.35 (65.35), May 68.45, July 69.45, Aug 68.70.

†Soyabeans—Sept 666-665½ (666¾), Nov 673½-676 (672¼), Jan 693-693½, March 715-716½, May 735, July 750½, Aug 754.

‖Soyabean Meal—Sept 188.7-188.8 (187.1), Oct 189.5-190.0 (188.8), Dec 195.0-195.3, Jan 198.3-198.5, March 205.0, May 210.5, July 215.5, Aug 217.0, Sept 217.0-218.0.

Soyabean Oil—Sept 21.00 (20.68), Oct 21.32-21.35 (21.08), Dec 22.20-22.25, Jan 22.65, March 23.40, May 23.95-24.00, July 24.35-24.45, Aug 24.45-24.55, Sept 24.50-24.60.

†Wheat—Sept 391½ (394), Dec 421½-421¾ (423½), March 444½-444¾, May 452, July 451, Sept 461½.

WINNIPEG Sept 2. §Barley—Oct 130.00 (127.20), Dec 127.00 (125.70), March 129.80, May 132.90.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 241.05.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

††Cocoa—Sept 2095 (2060), Dec 2217 (2178), March 2302, May 2341, July 2360, Sept 2395, Dec 2431. Sales: 2,451.

Coffee—"C" Contract: Sept 101.00 (99.90), Dec 97.25-97.75 (98.08), March 96.75-96.99, May 97.30-97.50, July 98.00-98.50, Sept 98.25-99.49, Dec 99.00-99.20. Sales: 2,429.

Cotton—No. 2: Oct 67.45-67.60 (67.50), Dec 69.01-69.10 (69.18), March 71.60-71.65, May 73.45-73.50, July 75.00, Oct 75.90-76.10, Dec 76.60. Sales: 5,200.

Heating oil (dollars per U.S. gallon)—Oct 0.9435, Nov 0.9530, Dec 0.9658, Jan 0.9797, Feb 0.9946, March 1.0058, April 1.0050, May 1.0115, June 1.0175, July 1.0150, August 1.0350, Sept 1.0415, Oct 1.0550. Turnover: 5,842.

Orange Juice—Sept 124.70 (121.50), Nov 129.90 (127.25), Jan 134.10-134.20, March 137.10, May 139.80-140.00, July 142.45-142.50, Sept 144.40-144.50, Nov 145.90-146.00.

CHICAGO, Sept 1.

Chicago 1mm Gold—Sept 425.2 (424.5), Dec 444.0-445.0 (443.5), March 463.0-463.5, June 481.2, Sept 499.7, Dec 518.4, March 537.3, June 556.4.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2161 (2150); Nov 2050 (2048), Jan 2089, March 2135, May 2180.

EUROPEAN MARKETS

ROTTERDAM, Sept 2.

Cocoa—(U.S. $ per tonne): U.S. No 2 Dark Hard Winter 13.5 per cent Sept 193, Oct 198, Nov 201, Dec 212; U.S. No. 2 Red Winter Sept 169.50, Oct 178; U.S. No. 3 Amber Durum Sept 187, Oct 194, Nov 201, Dec 208; U.S. No. 2 Northern Spring 14 per cent Sept 197.50, Oct 190, Nov 194.50, Dec 203.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow Afloat 143, Aug 142, Sept 139, Oct 140, Nov 141, Dec 144, Jan-March 150.75, April-June 156.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Sept 270, Oct 266, Nov 266, Dec 272, Jan 277, Feb 281, March 286, April 291, May 293 sellers tradeless.

Soyameal—(U.S. $ per tonne). 44 per cent protein U.S. Afloat 242, Sept 232.50, Oct 231.50, Nov 233, Dec 238, Nov-March 244; Brazil Pellets Afloat 242.50, Aug 242, Sept 241.50, Oct 244.00, Nov 251, Dec 254, Nov-March 259.

PARIS, September 2.

Cocoa—(FFr per 100 kilos): Sept 1260/300, Dec 1370/400, March 1410/25, May 1415/35, July 1425 bid, Sept 1460 bid, Dec 1480 bid. Sales at call: nil.

Sugar—(FFr per tonne): Oct 1640/60, Nov 1630/55, Dec 1660/65, March 1780/85, May 1845/55, July 1850/900, Aug 1900/75, Oct 1910/90. Sales at call: 4.

INDICES

FINANCIAL TIMES

Sept. 1	Aug. 28	Month ago	Year ago
256.70	257.64	276.34	274.54

(Base: July 1, 1952=100).

MOODY'S

Sept. 1	Aug.28	Month ago	Year ago
1022.0	1028.2	1062.6	1229.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 1	Aug. 28	Month ago	Year ago
Spot	350.50	353.51	380.81	440.14
Futrs	368.83	367.71	391.02	463.15

(Average 1924-25-26=100).

REUTERS

Sep. 2	Sep. 1	M'nth ago	Year ago
1644.2	1656.7	1766.1	1753.2

(Base: September 18, 1931=100)

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.00-£5.80, codlings £2.50-£3.60; Large haddock £2.60-£4.20, medium £2.60-£3.60, small £1.60-£2.30; Large plaice £5.00-£6.60, medium £4.60-£8.20, best small £4.00-£4.70; Skinned dogfish, large £8.00-£9.00, medium £4.40-£6.00; Lemon soles, large £8.00, medium £7.50; Rockfish £2.70-£3.20; Saithe £2.40-£2.80.

LONDON STOCK EXCHANGE

Gilts respond to hopes of lower U.S. interest rates
Equity leaders regain early falls in after-hours trade

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Talk that another sizeable fund-raising operation was imminent put equity investors on the defensive in London stock markets yesterday. The prospective cash call was rumoured to be for less than half the £87m announced on Tuesday by Trusthouse Forte, but worries that further substantial calls are lined up inhibited investment enterprise and ensured a continuation of Tuesday's dull trend until a technical rally developed in the late trade.

Government securities, on the other hand, benefited from hopes that reported cuts in the U.S. defence Budget would heighten chances of a fall in interest rates there. Light investment demand found the market none-too-well supplied with stock and, in thin trading, longer quotations made most headway. Switching operations were attempted but were often frustrated by the lack of willing sellers. Sterling's improvement against the dollar was also a helpful influence and the longs closed with gains stretching to ⅞; short-dated issues rarely ended more than ⅛ better.

In the absence of sustained interest, the emphasis in equities centred on company trading announcements. Guardian Royal Exchange reacted 24 to 356p following the South African underwriting losses, but Sun Alliance and Phoenix moved only marginally on their statements. Oils regained the bulk of Tuesday's falls despite some caution ahead of today's second-quarter results from British Petroleum.

The overall equity scene was little influenced by Wall Street trends and leading shares retained small early losses throughout the official session before suddenly turning firmer after-hours. This had the effect of transforming a 3.00 pm loss of 3.2 in the FT Industrial Ordinary share index into a net gain of 0.3 at the close of 568.3.

Demand for Traded options contracted further, only 652 deals being arranged—the lowest total since late July. A large slice of the action was seen in Lonrho, which attracted 127 calls and 58 puts. ICI were also wanted on the put front with 60 trades done.

GRE disappoints

Interim profits nearly £8m below market expectations depressed GRE which closed 24 down on the day at 356p. Other Composites drifted lower with sympathy also undermined by uninspiring first-half figures from Phoenix, which closed 6 off at 314p, after 310p. Royals shed 10 to 405p and General Accident 6 to 384p, while Eagle Star, 308p, and Commercial Union, 165p, eased 3 and 2 respectively. Sun Alliance, however, reported satisfactory half-year results and hardened ⅛ to £10⅜. Reflecting demand on bid hopes in a market none-too-well supplied with stock Stewart Wrightson advanced 17 to 237p. Willis Faber hardened 2 to 390p as did C. E. Heath, to 310p. Awaiting further developments in the Winterthur Swiss bid situation, Provident lost 9 to 333p, but still stand 13 above Winterthur's cash offer. Hambro Life gave up 6 to 430p.

Static for most of the day, the major clearing banks edged higher after-hours to close with modest improvements. Barclays put on 2 to 458p as did Lloyds, 418p.

A shade easier for most of the session, Breweries attracted late support and ended with modest gains. Bass, down to 234p earlier, rallied to close a net 2 better at 240p.

The Building sector displayed several notable movements. Westbrick Products were marked up 7 to 87p on the increased bid, currently worth 91½p per share from C. H. Beazer, a penny cheaper at 129p. Phoenix Timber, a rising market of late on speculative interest, dipped to 118p before settling 4 cheaper on balance at 122p following the directors' denial of a bid approach. Wettern Brothers rose 6 to 83p on further consideration of the proposed sale of its Mono Concrete subsidiary. Among those reporting, Marchwiel shed 12 to 136p, disappointment with the chairman's statement outweighing the increased interim profits, while Cement Roadstone cheapened a penny to 81p despite the higher interim profits and dividend. Renewed demand ahead of the half-yearly results, due next Wednesday, lifted Wilson (Connolly) 8 to a 1981 peak of 198p, while Derek Crouch, interim results today, hardened 3 to 193p. Magnet and Southerns came in for support and firmed 5 to 153p.

Interest in ICI was small, but the close was a couple of pence dearer at 272p.

Interest in Stores remained at a low ebb and the leaders continued to drift lower; a slightly firmer tone was evident after the "House" close and most finished above the day's worst. Gussies "A," down to 470p earlier, reverted to the overnight 473p. I. J. Dewhirst added a couple of pence to 81p following the increased interim profits and dividend, while Grant Brothers, helped by call option business, rose 7 to 117p.

GEC erratic

In extremely thin and volatile conditions, leading Electricals recovered from a dull start caused by reports that President Reagan is to cut between £11bn to £16bn from the planned U.S. defence budget. The rally, largely induced by technical influences, helped GEC to finish a net 3 dearer at 810p, after 794p, and Plessey to close 7 better at 398p, after 385p; the latter's first-quarter figures are due today. Thorn EMI ended unaltered at 480p, after 472p, while Racal ended 2 down on balance at 466p, after 458p. Elsewhere, United Scientific fell 11 more to 517p but Whitworth contrasted with a jump of 20 to 98p, the latter in response to the better-than-expected results.

Weir highlighted Engineerings, jumping 8 to 43p on the strong first-half profits recovery and payment of an interim dividend. Awaiting news from the AGM, Braham Millar were supported up to 25p, up 5, while renewed speculative buying lifted Greens Economiser 3 more to 143p. Babcock International reflected a 43.64 per cent slump in first-half earnings with a decline of 5 to 113p, after 107p. Unsettled by possible substantial U.S. defence spending cuts, Hawker touched 340p before closing only 2 down on balance at 346p. News of a £30m Abu Dhabi contract failed to impress John Brown, a penny cheaper at 89½p.

In irregular Foods, Cadbury Schweppes slipped to 97p before reverting to the overnight level of 98p ahead of today's interim results. Argyll shed 4 to 124p on the company's offer to buy 70 Pricerite stores situated in the North of England from International Stores, BAT's food retailing subsidiary.

ACC fall

Trusthouse Forte, down 12 on Tuesday on the surprise £87m rights issue proposal, rallied a couple of pence to 126p. Grand Metropolitan slipped to 197p before closing a net penny down at 199p.

The surprise resignation of managing director Mr Jack Gill in Lord Grade's restructuring of the Board depressed Associated Communications which lost 5 to 52p. Elsewhere in miscellaneous industrials, British Aerospace eased to 238p before closing a penny off on balance at 242p with sentiment again unsettled by possible U.S. defence spending cuts. Firm recently on a £10m British Gas order, William Press gave up 3 on profitt-aking to 91p.

Motors remained quietly dull. Lucas continued to react to profit-taking and shed 4 more to 231p, sentiment not being helped by possible cutbacks in the American defence budget.

Publishing issues were featured by Haynes which advanced 18 in a restricted market to 148p; the preliminary results are expected on September 11.

A few pence easier for most of the session, Properties staged a modest rally in the late trade which left quotations only marginally lower on balance, Land Securities settling 2 cheaper at 336p, after 335p, and MEPC just a penny off at 246p, after 244p. Lower Far-Eastern advices prompted a fall of 5 to 93p in Hongkong Land, 93p, and one of 6 to 100p in Swire Properties.

Recently dull leading Oils staged a rally. British Petroleum attracted support in front of today's interim results and, at 310p, recovered 8 of the previous day's fall of 10. Shell improved 6 to 372p. Canadian Oils made a strong showing, Falmouth Petroleum rising 20 to a 1981 peak of 120p, while Hansa, 32p, and Ceres Resources, 145p, added 4 and 5 respectively.

Britannia Arrow eased a penny more to 59½p, the interim results again being overshadowed by persisting rumours that the group may bid for Arbuthnot Latham.

P & O Deferred touched 120p and closed 3 up at 118p following news that the company is to transport liquefied petroleum gas for Exxon.

South African industrials remained selectively firm. Greatermans added 10 to 510p, while South African Breweries rose 7 for a two-day gain of 13 at 209p.

Golds up again

South African Golds continued to make modest progress as the bullion price edged up $4.50 to $429.50 an ounce. The Gold Mines index rose a further 2.3 to 385.8—a gain of 31.2, nearly 9 per cent, over the past five trading days.

Share prices opened on a firm note and held steady throughout the day as light demand from Johannesburg and London found the market short of stock.

Heavyweights registered gains ranging to ¾ as in Winkelhaak, £18, and President Steyn, £19½. New highs of 1981 were seen in Libanon, ½ firmer at £12, and Doornfontein and St. Helena which rose ¼ apiece to £12⅜ and £20⅜ respectively.

Financials were mixed. London-based issues were featured by Rio Tinto-Zinc which lost 12 more to 565p—a two-day decline of 28—as further selling followed the poor results and second-half prospects of the group's Australian associate CRA.

Australians continued to lose ground despite good news from the drilling rigs in the Cooper Basin.

Alliance Oil Development were prominent and finally 5 firmer at 103p following the 2,700 barrels a day oil flow from the Merrimelia 6 development well.

In the leading mining stocks, CRA rallied 2 to 230p after the 14p fall that followed the reduced interim profits and dividend. Hampton Areas dropped 20 to 180p, Western Mining 4 to 296p and Pancontinental 8 to 158p.

Northern Mining gave up a further 8 to 178p, while the speculatives showed Leichardt 3 off at a 1981 low of 22p, Whim Creek 6 down at 54p and North West Mining 5 cheaper at 38p. On the other hand, Otter Exploration moved up 4 more to 70p.

FINANCIAL TIMES STOCK INDICES

	Sept. 2	Sept. 1	Aug. 28	Aug. 27	Aug. 26	Aug. 25	A year ago
Government Secs	64.48	64.12	64.09	63.99	64.30	64.82	69.04
Fixed Interest	65.76	65.68	65.81	65.92	66.16	66.13	69.05
Industrial Ord	568.3	568.0	573.8	562.3	558.5	549.1	489.8
Gold Mines	385.8	383.5	378.7	363.3	357.3	354.6	465.0
Ord. Div. Yield	5.28	5.29	5.23	5.32	5.36	5.45	7.47
Earnings, Yld. %(full)	9.20	9.21	9.11	9.26	9.35	9.52	17.36
P/E Ratio (net) (*)	14.29	14.28	14.44	14.20	14.10	13.85	7.02
Total bargains	16,268	16,270	15,960	17,248	16,180	17,518	18,565
Equity turnover £m.	—	91.52	115.47	136.66	118.82	119.93	97.88
Equity bargains	—	11,734	12,037	14,698	12,825	12,984	14,048

10 am 565.2. 11 am 564.3. Noon 564.5. 1 pm 564.5. 2 pm 564.6. 3 pm 564.8.

Latest Index 01-246 8026.

Nil=12.84.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/8)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/8)	65.35 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (28/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 1	Aug. 28
Daily		
Gilt Edged Bargains	148.4	124.7
Equities Bargains	76.0	78.0
Value	185.0	229.3
5-day Avrge.		
Gilt-Edged Bargains	150.0	158.8
Equities Bargains	82.4	83.8
Value	232.6	251.3

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (50)

BRITISH FUNDS (1)
Treas. 8½pc '80-82
INTL. BK. & O'SEAS GOVT. STG. ISS. (1)
Intl. Bk. 5pc '77-82
COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. 3½pc '80-85 Assented
BANKS (1)
Bank of Scotland
BEERS (1)
Greene King
BUILDINGS (4)
British Dredging; Feb. Intl.; Wilson (Connolly); Do. A
STORES (2)
Cornell Dresses; Dewhirst
ELECTRICALS (3)
BSR; Whitworth El.; Plessey
ENGINEERING (3)
Braham Millar; Weir Group; Green's Economiser
FOODS (3)
Banks (Sidney C.); Paterson (R.); Bejam
HOTELS (1)
Queen's Moat Houses
INDUSTRIALS (18)
Blundell-Permoglaze; Phillips Patents; Chamberlain Phipps; Pilkington; Christie-Tyler; Russell (A.); Friedland Doggart; Sale Tilney; J. B. Holdings; Siebe Gorman; Moss (R.); Sketchley; Nu-Swift; Walker Homer; Pauls & Whites; Ward (T. W.); Petrocon; Wedgwood
INSURANCE (2)
Stenhouse; Sun Alliance
NEWSPAPERS (1)
Haynes Publishing
SOUTH AFRICANS (1)
S.A. Brews.
TRUSTS (1)
Gresham Inv.
OIL & GAS (2)
Falmouth Pet.; Jackson Explrtn.
MINES (4)
Doornfontein; St. Helena; Libanon; Jantar

NEW LOWS (25)

AMERICANS (1)
TRW Inc.
ELECTRICALS (1)
Norsk Data
ENGINEERING (4)
Brooke Tool; Stothert & Pitt; Camford; Westland
INDUSTRIALS (3)
Gieves; Nash (J. F.) Secs.; Moben
SHOES (1)
Scott (David)
TRUSTS (3)
Archimedes Inc.; Lond. Merch. Defd.; M. & G. Dual Inc.
OIL & GAS (3)
KCA Drilling; Woodside; Sun (UK) Royalty
OVERSEAS TRADERS (1)
Lonrho
RUBBERS (2)
Guthrie; Malakoff
TEAS (1)
Moran
MINES (5)
Wankie Colliery; Gopeng Cons.; Greenbushes Tin; Highwood Res.; Leichardt Explrtn.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	—	16
Corpns., Dom. and Foreign Bonds	30	1	38
Financial and Props.	39	124	338
Industrials	158	282	934
Oils	23	38	41
Plantations	3	5	15
Mines	37	61	70
Others	56	52	86
Totals	422	563	1,538

ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
RTZ	15	577	−16	ICI	9	270	−6
Brit. Aerospace	13	243	−8	Letraset	9	142	+2
Geevor	13	195	+15	Racal Elect.	9	468	−7
GEC	10	807	−6	Blue Circle	8	522	+2
Pilkington	10	345	—	BP	8	302	−10
Hanson Trust	9	291	+6	Con. Gold Flds.	8	515	−10
Howden (A.)	9	145	+7	Grand Met.	8	200	−5

TUESDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	273	−5	Haynes Publishing	148	+18
British Aerospace	242	−1	Marchwiel	136	−12
Commercial Union	165	−2	P & O Deferred	118	+3
GEC	810	+3	Plessey	398	+7
GRE	356	−24	RTZ	565	−12
Hawker Siddeley	346	−2	Weir Group	43	+8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Call options were arranged in Westland Aircraft, Premier Oil, FNFC, Holt Lloyd, British Land, Intervision, Mettoy, BSG, Southern Pacific Petroleum, Thomas Borthwick, KCA, BSR, Law and Bonar, Amalgamated Metal and Grant Brothers. Puts were taken out in Lucas, GKN, and Phoenix Timber. Double options were completed in Dunlop, Premier Oil, FNFC and Woodside.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed., Sept. 2, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. Sept. 1 Index No.	Fri. Aug. 28 Index No.	Thur. Aug. 27 Index No.	Wed. Aug. 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	378.41	−0.1	9.37	4.10	13.32	378.61	380.30	374.53	370.42	282.68
2	Building Materials (25)	333.09	+0.5	11.53	5.14	10.65	331.43	330.48	328.64	327.50	251.12
3	Contracting, Construction (28)	600.22	−0.4	15.88	4.76	7.32	602.57	599.89	594.49	591.55	416.33
4	Electricals (30)	1257.91	+0.2	7.18	2.19	17.39	1255.35	1266.15	1243.32	1225.25	846.45
5	Engineering Contractors (10)	503.80	−0.4	12.74	5.41	9.25	505.68	505.08	502.21	501.43	335.76
6	Mechanical Engineering (69)	215.98	−0.5	11.13	5.28	11.60	216.98	218.93	215.80	212.46	182.08
8	Metals and Metal Forming (13)	173.75	−0.3	9.15	6.84	14.33	174.19	174.43	170.73	170.27	166.82
9	Motors (21)	106.56	−0.6	1.60	6.50	—	107.25	108.07	106.81	105.15	101.02
10	Other Industrial Materials (18)	397.57	−0.4	9.05	5.05	13.25	399.35	399.22	390.14	386.50	0.00
21	CONSUMER GROUP (195)	292.29	−0.2	11.76	5.48	10.51	292.87	294.89	288.60	286.49	244.34
22	Brewers and Distillers (20)	309.28	−0.1	14.45	6.24	8.32	309.47	311.83	304.54	301.08	288.20
25	Food Manufacturing (21)	276.59	−0.4	14.06	6.03	8.57	277.65	277.46	270.47	267.79	221.74
26	Food Retailing (14)	568.06	−0.2	8.66	3.12	13.79	569.36	568.20	551.94	554.42	377.33
27	Health and Household Products (7)	361.20	—	7.66	4.07	15.55	361.19	363.53	357.69	354.84	232.86
29	Leisure (22)	458.44	+0.1	9.00	4.67	13.81	458.01	466.54	460.46	456.61	332.98
32	Newspapers, Publishing (12)	511.37	−0.7	12.09	5.79	11.83	514.89	514.02	510.16	508.15	427.35
33	Packaging and Paper (13)	154.26	−1.3	13.51	6.86	8.81	156.24	156.95	154.51	152.10	129.91
34	Stores (44)	269.83	−0.2	10.72	4.93	12.44	270.26	270.60	268.39	266.61	238.07
35	Textiles (23)	165.57	+0.1	7.16	5.52	20.01	165.38	165.34	163.26	161.66	121.32
36	Tobaccos (3)	268.73	−0.4	18.90	9.29	6.19	269.73	271.22	260.98	260.78	228.74
39	Other Consumer (16)	291.18	+0.2	4.19	5.79	61.13	290.47	291.61	291.05	291.32	0.00
41	OTHER GROUPS (79)	235.24	—	9.80	6.09	13.36	235.33	236.27	233.43	232.19	226.60
42	Chemicals (15)	293.23	+0.5	4.63	6.20	41.52	291.90	295.92	292.05	290.41	315.40
44	Office Equipment (5)	115.69	−1.6	14.79	7.39	8.16	117.60	118.29	113.43	111.95	106.61
45	Shipping and Transport (13)	538.06	+0.3	15.35	7.08	7.73	536.69	535.95	536.77	533.92	603.39
46	Miscellaneous (46)	313.37	−0.3	12.41	5.36	9.91	314.32	312.68	310.80	308.98	281.64
49	INDUSTRIAL GROUP (488)	313.40	−0.1	10.59	5.02	11.78	313.78	315.12	309.92	307.29	255.85
51	Oils (12)	719.06	+1.9	23.44	8.00	4.74	705.78	724.79	721.01	725.79	781.08
59	500 SHARE INDEX	346.34	+0.2	12.69	5.51	9.47	345.65	348.38	343.28	341.22	297.53
61	FINANCIAL GROUP (119)	277.84	−0.6	—	5.38	—	279.45	279.85	276.51	274.49	237.67
62	Banks (6)	284.48	+0.3	31.32	6.59	3.76	283.76	285.27	282.75	280.62	239.16
63	Discount Houses (10)	268.51	−0.1	—	8.40	—	268.83	268.88	268.94	270.80	285.63
64	Hire Purchase (3)	255.27	—	11.99	7.12	11.54	255.27	255.82	254.89	256.37	219.71
65	Insurance (Life) (10)	295.92	−0.8	—	5.15	—	298.44	297.31	290.21	286.99	240.90
66	Insurance (Composite) (9)	184.38	−2.0	—	7.09	—	188.09	187.64	184.85	182.95	164.93
67	Insurance Brokers (8)	440.92	+0.4	10.09	5.26	13.44	439.21	436.44	431.26	429.83	322.93
68	Merchant Banks (13)	172.61	−0.1	—	4.93	—	172.72	172.49	172.93	172.81	140.83
69	Property (50)	492.96	−0.4	3.91	2.85	34.64	494.85	495.32	492.36	488.59	445.99
70	Miscellaneous (10)	184.51	−0.4	17.36	5.82	7.01	185.17	185.13	183.89	184.12	146.96
71	Investment Trusts (109)	324.09	−0.4	—	4.93	—	325.25	325.37	325.78	324.82	266.84
81	Mining Finance (3)	272.33	−1.2	12.93	5.02	9.11	275.71	281.73	280.97	274.83	243.75
91	Overseas Traders (19)	422.69	−1.5	11.03	7.04	11.56	429.29	431.44	427.40	427.92	430.03
99	ALL-SHARE INDEX (750)	332.37	−0.1	—	5.46	—	332.54	334.63	330.46	328.32	285.94

FIXED INTEREST

	PRICE INDICES	Wed. Sept. 2	Day's change %	Tues. Sept. 1	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.85	+0.09	106.74	—	7.82
2	5-15 years	103.68	+0.65	103.01	—	8.65
3	Over 15 years	104.27	+0.68	103.56	—	10.34
4	Irredeemables	113.38	+0.49	112.83	—	9.05
5	All Stocks	104.60	+0.47	104.12	—	8.86
6	Debentures & Loans	81.07	+0.21	80.89	—	7.67
7	Preference	62.11	—	62.11	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Wed. Sept. 2	Tues. Sept. 1	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.50	12.53	11.97
2		15 years	13.24	13.34	11.96
3		25 years	13.48	13.59	11.96
4	Medium Coupons	5 years	14.68	14.76	13.37
5		15 years	15.22	15.33	13.37
6		25 years	14.77	14.85	13.37
7	High Coupons	5 years	14.64	14.72	13.46
8		15 years	15.39	15.51	13.79
9		25 years	15.00	15.10	13.59
10	Irredeemables†		13.09	13.15	11.57
11	Debs & Loans	5 years	15.95	15.96	14.45
12		15 years	15.99	16.02	14.20
13		25 years	16.02	16.06	14.12
14	Preference†		15.85	15.86	14.67

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
155	F.P.	21/8	172	152	*Aerospace Eng.	156	−7	bd7.5	1.4	6.8	14.6
64	F.P.	3/9	63	60½	East of Scot. Onshore	62	......	g0.83	—	1.9	—
§52	F.P.	24/9	95	75	*Fleet St. Letter. 5p	95	......	u2.5	1.9	3.8	20.0
—	F.P.	14/8	7	6	*Hartons 5p	7	......	—	—	—	—
25	F.P.	18/9	28	27	Japan Assets Trust 10p	27	......	—	—	—	—
§130	F.P.	1/10	136	132	*Markheath 54.6% Prf	136	+2	13.65	1.6	14.3	—
‖	F.P.	20/8	125	115	*Newcourt Oil	115	......	—	—	—	—
100	F.P.	—	103	98	*Ramus	98	−2	gd5.0	2.1	7.3	7.5
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	12	......	—	—	—	—
$2	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv $1	115	−1	—	—	—	—
66	F.P.	7/9	86	75	*Thorpac	92	......	b1.82	3.7	2.8	12.0
100	F.P.	16/7	104	95	Utd.Comp.&Tech. 50p	99	−2	—	—	—	—
§15	F.P.	25/9	17½	15	*Willaire Systems 10p	16	−½	—	—	—	—
¶¶	F.P.	11/9	15	14	Do. Rest. Div. 10p	14xr	−½	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
100	£40	20/10	38⅛	38¼	Birmingham Drop-Lock '86/93	38⅛	−¼
100‖	F.P.	7/8	112¼	97½	Chloride 7½% Conv. Prf.	99	......
¶	F.P.	24/8	100½	99⅞	East Surrey Water 10% Prf. 1986	100½	......
100‖	F.P.	28/8	112	104	Hanson Trust 9½% Cv. Uns. Ln. 2000-5	111	−1
98½	£25	18/11	25¾	24½	Inco 15¾% Uns Ln. 2006	25	−¼
100‖	F.P.	12/8	124½	110½	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	115	......
¶97	£10	3/9	110	94½	Mid-Kent Water 9% Red. Prf. 1987	94½	−1½
‖	F.P.	17/7	104¼	95	Mount Charlotte 9½% Cnv. Ln. 1995-2000	97	......
100	F.P.	—	100⅛	99¾	Nat'wide Bdg Society 14¼% Bds. 1/8/82	100	−⅛
§100	F.P.	—	100⅛	100	Do. 14⅛% Bds (25/8/82)	100	−⅛
100‖	F.P.	23/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	104	+1
**	F.P.	21/9	93p	82½p	Sterling Credit 3.5% Cnv. Red. Pref.	83p	......
100p‖	F.P.	11/8	101½p	77½p	'W' Ribbons 10% Cum. Red. Prf. '95-96	77½p	......
¶100	F.P.	24/9	101	100½	York Waterworks 10% Red. Pref. '85	101	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
22	F.P.	31/7	11/9	24	22½	A.I.D.	23½	......
275	125p	13/7	2/12	182	130	BP	148	......
42	F.P.	20/8	17/9	53	50	Buckley's Brewery	53	+1
808	Nil	16/9	14/10	3pm	1pm	Drayton Far East'n (Units)†	3pm	+¾
18	F.P.	14/8	4/9	21½	19	Edinburgh Gen. Ins.	20	......
176	F.P.	7/8	11/9	266	200½	Extel	256	+1
11	F.P.	28/8	30/9	13	10¾	Gartons	11	+¼
52	Nil	11/9	7/10	12½pm	7pm	H.A.T. Group	12½pm	+½
HK$12	HK$6	28/8	9/10	109	66	Hong Kong & Shanghai Bk.	91	−4
12½	Nil	9/10	19/9	17pm	11pm	Jantar	17pm	+3
131	F.P.	28/8	25/9	178	156	Ladbroke	172	−3
110	Nil	7/9	19/10	23½pm	16pm	Laird Grp.	22pm	−2
35	F.P.	21/8	2/10	46	41	Lane (Percy)	46	......
77	F.P.	20/8	25/9	92	81	Moss Engineering	90	......
160‖	F.P.	9/7	12/8	202	186	New Court Nat.Res. Units	202	......
A$1	Nil	—	—	148pm	88pm	Pancontinental	88pm	−12
85	Nil	—	—	73pm	70pm	Property Sec. Inv. .rt	73pm	......
360p	Nil	9/9	9/10	190pm	137pm	Utd. Scientific	137pm	−8
18	Nil	11/9	25/9	2½pm	1pm	*Willaire Systems	1½pm	−½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✲ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 8 Ordinary and 3 Warrants.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C.H. Gilt Growth Fd.* £9.39 9.82 +0.05 3.56
Clive Gilt Fd. (C.I.) £7.93 8.29 +0.05 15.92
*Prices on September 3. Next dealing September 10.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 255.5 278.0 ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$5.52 — −0.01 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt-Fund (Jsy.) 36.9 37.0 +0.1 15.52
Valued weekly Wednesday.

BWS Deutsche Ges. F. Wertpapiersp
Grüneburgweg 113, 6000 Frankfurt
Investa DM33.48 35.20 −0.25 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Aug. 25 $3.99 4.19 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6		
Barclays Bank	36	Ladbroke	30	**Property**	
Beecham	18	Legal & Gen.	20	Brit. Land	8
Blue Circle	35	Lex Service	10	Cap. Counties	11
Boots	20	Lloyds Bank	25	Land Secs.	37
Bowaters	24	"Lots"	4½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	15
B.A.T.	25	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	9	"Mams"	20	Town & City	2¼
Burton Ord.	14	Mrks. & Spncr	11		
Cadburys	7½	Midland Bank	26	**Oils**	
Courtaulds	7	N.E.I.	8	Brit. Petroleum	33
Debenhams	10	Nat. West. Bank	32	Burmah Oil	16
Distillers	17	P & O Dfd.	12	Charterhall	8
Dunlop	8½	Plessey	28	KCA	22
Eagle Star	25	Racal Elect.	34	Premier	7½
F.N.F.C.	3	R.H.M.	5	Shell	32
Gen. Accident	30	Rank Org. Ord.	18	Tricentrol	30
Gen. Electric	68	Reed Intnl.	25	Ultramar	44
Glaxo	28	Sears	5		
Grand Met.	18	Tesco	5½	**Mines**	
G.U.S. 'A'	44	Thorn EMI	30		
Guardian	38	Trust Houses	15	Charter Cons.	21
G.K.N.	15	Tube Invest.	18	Cons. Gold	45
Hawker Sidd	25	Turner & Newall	10	Lonrho	9
		Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Thursday September 3 1981

Benn bounces back to do battle

BY MARGARET VAN HATTEM, LOBBY STAFF

MR TONY BENN yesterday discarded his walking-sticks and plunged back into active campaigning for the deputy leadership of the Labour Party.

Releasing details of an intensive three-week programme of virtually daily public appearances up and down the country, right up to the day of the election on September 27, he pronounced himself "99 per cent fit."

"I've been swimming, cycling, playing cricket and sunbathing. But it will take time before I'm ready to run, jump and go on route marches."

Talking in London at his first public appearance since he became ill three months ago, Mr Benn lost no time in resuming his battle with the Shadow Cabinet on the question of loyalty to conference decisions.

It was confusing to the party and to the electorate to have five defence spokesmen who refused to accept party policy, he said. That was why the contest for the deputy leadership was so necessary.

His election would demonstrate that the party wanted conference resolutions carried out, "not treated like a Sunday sermon, to be forgotten by Monday."

He had not had any second thoughts about refusing Mr Michael Foot's plea to stand down. "To try to deny the Labour Party a choice of candidates was most unwise." Suppression of elections was the first step to dictatorship.

Mr Benn pointedly dissociated himself from a book published yesterday by his supporters. He had not yet read it, had not been involved in its production, and would not necessarily support all its arguments.

He had never called for a £28,000 ceiling on incomes. However, he warmly commended those who had produced it, and said he looked forward to reading it.

His two rivals, Mr Denis Healey and Mr John Silkin, are also preparing for three hectic weeks of public meetings, debates and television appearances.

Mr Healey's supporters, determinedly emphasising his value as part of a "balanced" leadership team, rather than a potential leader, have issued campaign badges inscribed "Foot and Healey," which, they point out, will save the party money after his election.

Later today they will publish an open letter in the Guardian and Labour Weekly signed by about 20 leading party members, including Shadow Cabinet members, trade union leaders, and former party leaders Mr James Callaghan and Sir Harold Wilson, calling for support. Mr Callaghan will also be publishing a personal statement in the form of an interview with the Press Association news agency.

Mr Healey is due to appear on BBC television tonight to outline his manifesto and may express doubts over the wisdom of the 5 per cent pay limit he introduced as Chancellor, which he now appears to regard as one of his biggest liabilities.

Mr Silkin is planning a relatively quieter campaign, and appears to be hoping to float to the top through sheer lack of weight. Appearing on BBC television last night, he said his two opponents were strong and brilliant men who could not work with each other.

"I think they would serve under me. I think basically that is what it is all about."

He believed his strength lay with the trade unions. If their support could get him into the second ballot in the two-round contest, he has no doubt he would win.

Banks lift City's overseas earnings

By David Marsh

THE NET overseas earnings of the City of London recovered last year after the sharp fall in 1979, mainly because of increased profits from banking, according to official figures published yesterday.

The figures were published in the Central Statistical Office's annual "Pink Book" on the UK balance of payments. It also contained a new upward revision of Britain's record 1980 current account surplus to £3.21bn from the previous estimate of £2.76bn. This was easily the largest such surplus of any industrialised country last year.

The 8 per cent increase in earnings by city financial institutions last year, to £2.14bn from £1.98bn, lagged far behind the inflation rate. This was mainly because of a 15 per cent fall in net earnings from the insurance sector, which was hit by rising world competition and big claims pay-outs.

A recent survey from the Committee on Invisible Exports concluded that the City remains subdued about the earnings outlook for this year.

CITY'S OVERSEAS EARNINGS (NET)

£m	1979	1980
Insurance	1,009	860
Banking	167	314
Commodity trading	298	340
Trusts, pension funds	126	202
Solicitors	52	61
Brokerage etc	331	366
Total	1,983	2,143

Source: Central Statistical Office

Weather

UK TODAY

Early morning fog then mainly dry with sunny intervals. N Ireland, W Scotland, Wales, SW England cloudy with occasional rain.

London, NW, SE, Central England, Midlands, Lake District, Channel Islands
Dry, sunny intervals after early fog clears. Max 21C (70F).

SW England, Wales, Isle of Man, W Scotland, N Ireland
Cloudy, occasional rain or drizzle. Cooler in the NW. Max 20C (68F).

Borders, Central Highlands, E Scotland
Mainly dry with sunny intervals. Max 18C (64F).

Orkney, Shetland
Cloudy but mainly dry. Max 14C (57F).

Outlook: Occasional rain in NW otherwise dry with sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	Luxmbg.	C	17	63
Algiers	C	25	77	Luxor	S	42	108
Amsdm.	S	20	68	Madrid	S	28	82
Athens	S	28	82	Majorca	S	28	82
Bahrain	S	38	100	Malaga	S	25	77
Barclna.	F	27	81	Malta	S	32	90
Beirut	S	30	86	M'chstr	C	17	63
Belfast	S	19	66	Melbne.		—	—
Belgrd.	C	18	64	Mex C.†	S	25	77
Berlin	F	17	63	Miami†	S	26	79
Biarritz	F	22	72	Milan	S	22	72
Bmghm.	F	17	63	Montrl.†	C	20	68
Blackpl.	S	19	66	Moscow	R	14	57
Bordx.	S	25	77	Munich	C	16	61
Boulgn.	C	19	66	Nairobi		—	—
Bristol	S	19	66	Naples	F	27	81
Brussels	S	19	66	Nassau	S	32	90
Budpest	F	20	68	Nwcstl.	C	18	64
Cairo	C	33	91	N. York†	F	19	66
Cardiff	C	18	64	Nice	S	25	77
Cas'bl'ca	S	23	73	Nicosia	S	30	86
Cape T.		—	—	Oporto	S	20	68
Chicg.†	F	23	73	Oslo	S	20	68
Cologne	S	20	68	Paris	F	21	70
Conhgn.	S	18	64	Perth		—	—
Corfu	F	27	81	Prague	F	18	64
Denver†	S	17	63	Rykjvk.	S	10	50
Dublin	S	19	66	Rhodes	S	27	81
Dbrvnk.	S	25	77	Rio J'o†		—	—
Ednbgh.	S	18	64	Rome	F	27	81
Faro	S	26	79	Salzbrg.	C	18	64
Florence		—	—	S'cisco†	C	11	52
Frankft.	S	20	68	S. Mrtz.		—	—
Funchal	F	23	73	Singapr.	R	32	90
Geneva	F	22	72	S'tiago†	C	19	66
Gibrltr	S	22	72	Stckhm.	F	15	59
Gl'sg'w	S	19	66	Strasbg.	S	21	70
G'rnsey	S	18	64	Sydney		—	—
Helsinki	R	13	55	Tangier	S	24	75
H. Kong	S	31	88	Tel Aviv	S	30	86
Innsbrk.	C	16	61	Tenerife	S	25	77
Invrnss.	S	16	61	Tokyo	S	32	90
I.o.Man	S	17	63	Toronto†	R	21	70
Istanbul	F	27	81	Tunis	S	27	81
Jersey	F	21	70	Valencia	F	28	82
L. Plms.	S	24	75	Venice	S	23	73
Lisbon	S	25	77	Vienna	F	19	66
Locarno	C	22	72	Warsaw	[illegible]	18	64
London	C	19	66	Zurich	C	15	59
L. Ang.†	C	18	64				

C—Cloudy. F—Fair. R—Rain. S—Sunny.
†Noon GMT temperatures.

Nippon Electric launches £40m sterling bond

BY ALAN FRIEDMAN

A £40M sterling bond is being launched by Nippon Electric, the Japanese high-technology company, to help finance the construction of a £48m integrated circuit plant in Scotland.

The planned 15-year bond, which will allow holders to convert their notes into Nippon Electric equity, is believed to represent the first time a Japanese company has tapped the UK domestic bond market specifically for money to invest in the UK.

The Nippon Electric plant, at Livingston New Town, is expected eventually to employ 800 people.

There have been several sterling and dollar convertible bonds from Japanese companies in recent weeks, but none has been directed toward UK expenditure. Nissan Motor launched a £50m issue in June, but has not yet decided on its proposed UK car plant.

SIR KEITH JOSEPH, Industry Secretary, will hold ministerial talks in Japan on collaboration in high-technology ventures. Four senior civil servants will leave for Tokyo next week to prepare the ground for the discussions. Agreement to explore the possibilities was reached in April when the Japanese Minister of International Trade visited Britain. Page 6

Japan set for trade talks with U.S. and EEC. Page 4

The Nippon Electric issue, which is being lead-managed by Credit Suisse First Boston, is expected to carry a coupon of about 5¼ per cent. The exact level is still under discussion.

The company is expected to obtain a full quotation for its shares on the London Stock Exchange tomorrow. Its main stockbrokers in London are Vickers da Costa and Rowe and Pitman.

The issue will be aimed mainly at institutional investors in the UK, such as pension fund managers. There will be a conversion premium—the extent to which shares purchased via the bond cost more—of just under 5 per cent.

In addition, the exchange rate for conversion purposes will be fixed at a level similar to the current sterling-yen exchange rates. Yesterday's rate was Y423 to the pound.

Beside Credit Suisse, the issue is also being managed by Nomura Securities and Kleinwort Benson. Other managers in London include S. G. Warburg, Morgan Grenfell, Schroder Wagg, Robert Fleming, Baring Brothers, Daiwa Europe and Sumitomo Finance.

Nippon Electric's share price in Tokyo reached a high for the year of Y923 early last month, but was down to Y782 yesterday.

Harris & Sheldon buy-out move faces opposition

BY CHRISTINE MOIR

GROWING institutional dissatisfaction with terms of some management buy-outs could come to a head on September 14 at the special meeting called by Harris and Sheldon, the Warwickshire capital and consumer goods group.

Harris and Sheldon's board is recommending shareholders to allow Otis Elevators of the U.S. to buy the lift division for £13.4m. This division had assets of £7.1m at the end of last year when it made profits of £2.6m.

Following that move Mr James Miller, Harris's chairman, and five other directors, propose to buy out the rest of the group for £8.82m. The other divisions made profits of £500,000 last year on net assets of £15.4m.

At least one institutional shareholder in Harris and Sheldon intends to oppose the buy out because of the low price which the directors are paying

They are putting up £800,000 for the assets.
of their own money towards the purchase price. Midland Bank is providing a £5m loan and Otis is chipping in with £2.92m of loan stock.

S. G. Warburg, which is advising the independent directors of Harris, considers the terms fair and reasonable, and supports a statement by the two independent directors that the £8.8m value attributed to the non-lift business reflects the recent deterioration in profitability in those divisions.

"We are supposed to accept that the best thing is to take a cash payment which represents bare asset value," one fund manager said last night. He could not reconcile that, with the willingness of the bank and Otis to provide sizeable loans to help the directors purchase those assets.

It is not clear whether other institutional shareholders will combine to oppose the Harris and Sheldon deal. Yesterday several fund managers expressed widespread dissatisfaction with some management buy-outs.

Mr George Dennis, director of securities investment at the Post Office pension fund regards some management buy-outs as "very worrying," especially where assets were disposed of below value.

He added however that many buy-outs were good for all shareholders.

U.S. plans further economies

BY IAN HARGREAVES

A DRAFT document outlining a second round of U.S. federal spending cuts and other economies will be published next week, Mr David Stockman, Budget Director, said yesterday.

Mr Stockman, speaking at a conference of state governors in Michigan, said the Administration would have a programme of cuts which would "warm your heart even in the winter up in the Dakotas."

On a report in a Chicago newspaper that the plan calls for eliminating 100,000 federal jobs over two years, however, he merely said: "That is pretty speculative."

Mr Stockman did say, though, that the economies could mean the end of whole agencies. He did not give examples, but at different times the Administration has mulled the possibility of closing major but fairly recently formed Government departments, such as those of energy and education.

Mr Stockman said that any further reductions in the federal payroll could be achieved by attrition rather than forced redundancies. The economies are certain to provoke strong feelings among some groups of federal employees who are being asked to accept an annual pay increase of only 4.8 per cent, a small rise justified by the need to prevent further big federal employment cuts.

The objective of Mr Stockman's economies for the fiscal year which starts in October is to restrict the budget deficit to the official target of $42bn (£23bn) rather than the $60bn plus which many Wall Street economists are projecting.

The gap between these two forecasts is the main factor in the currently very depressed state of the bond market, where investors fear a larger than planned federal borrowing requirement will maintain upward pressure on interest rates next year.

Mr Casper Weinberger, the Defence Secretary, is to present proposals for defence spending cuts to President Reagan later this week.

The Administration's goal is to balance the budget by the 1984 fiscal year.

Institutions force board changes at F. H. Lloyd

By Christine Moir

A PRESSURE group of institutional shareholders has undone the controversial boardroom changes which last month gave Cooper Industries effective control of F. H. Lloyd, a much larger Midlands steel and engineering group.

In an unprecedented display of shareholder power, the institutions forced the Lloyds board to agree to take specific steps "to reconstitute the board so that it is clearly representative of all shareholders in the company and accountable to them."

Mr Robert Foster, Lloyds chairman since 1977 and a close personal friend of the founder of Copper Industries, has been instructed to find an independent non-executive successor. Two Cooper nominees on the board have been made to resign.

Lloyd's board issued a detailed statement of the changes which will take place, following what was described as a "civilised discussion" between the board, a representative of Cooper Industries and a special committee of the British Insurance Association headed by Mr Frank Weaver, investment manager of Britannic Assurance.

The committee, which represented institutional shareholders owning just under 40 per cent of Lloyds, demanded that Mr Foster resign in favour of a new chairman who would spend a substantial part of his time at Lloyds. They have even laid down his job specification.

"One of his primary concerns will be to ensure that the board is composed in a manner suitable to the circumstances of the company and the conduct of its business," the statement said.

Last year Cooper Industries built up its stake in F. H. Lloyd to just under 30 per cent after Lloyd sold its half of a steel rolling business to Cooper. Mr John Cooper and Mr Derek Jones were invited to join the Lloyds board as Cooper representatives.

In June this year Mr Frank Clymer, Lloyd's chief executive, left the company abruptly after 40 years' service. He was replaced by Mr Jones who became group managing director of Lloyds.

In July Mr Foster, who had said that he would resign as chairman in favour of Mr Ronald Middleton, an independent director, suddenly announced that he was staying.

At the annual meeting soon afterward, a snap poll was taken among the few shareholders present, and Cooper used its voting power to defeat a long-standing proposal to appoint two Lloyds' managers to the board. Two of its own nominees, Mr Denis Parker and Mr Cedric Grew, both Cooper directors, were co-opted to the board instead. They resigned last night.

At the time, Mr Cooper said the Lloyd board had been split and "we now feel we have to exercise greater control. We want to get the company into better shape for the good of our shareholders and others."

Lord Grade speaks of handshake

Continued from Page One

ing out the terms of the severance of Mr Gill. He said that Mr Gill might be part-way through a service contract, "but I haven't read a contract in years."

Stories of Mr Gill receiving £500,000 in compensation remain unconfirmed, but if he were at the beginning of a five-year service contract Mr Gill might stand to collect somewhere near that figure.

A committee, established late last year with executive responsibilities to advise on financial control, headed by Mr Gill, and including two other board members, Mr Ellis Birk and Mr L. S. Michael, will probably be discontinued.

"You can't run a committee with just two members. I may form a new committee. I welcome help from all areas," said Lord Grade.

On the group's trading, Lord Grade, who will be addressing shareholders of ACC at the annual general meeting on Thursday, said: "We have had problems with the motion picture and distribution area but not in the way people have exaggerated."

He said that the film, Raise the Titanic, on which the group spent about £18m, was not as great a box office flop as people had thought. "It was a film which went over budget."

He said that it had just won an award for being a best seller on cassette. "To get $10m (£5.4m) out of America on Titanic cannot be regarded as a disaster." On the other controversial latest production, The Legend of the Lone Ranger, he said: "Can you call that a disaster when you get $11m out of America?"

He added: "I have just made a film of the Pope's life and the Vatican are very pleased with it. Every day older I get, I get a day younger. I wish you would lend me money at 10 per cent. I would do nothing but buy the shares in ACC. I know what the value of our stockpile is."

Yesterday shares in ACC fell 5p following the boardroom dramas to 52p.

Arthur Sandles writes: The Independent Broadcasting Authority will take a considerable interest in events within the ACC boardroom. The company, via its subsidiary ATV Network, is a major ITV contractor although this contract expires at the end of the year.

The ATV franchise will then be handed over to Central Independent Television in which the ACC holding is limited to 51 per cent. Arrangements for who takes over the other 49 per cent, and the final composition of the main CIT board have yet to be completed. Lord Grade is debarred from direct involvement in CIT by the authority's "retire at 70" rule.

CIT has yet to appoint a managing director. The authority's keenest interest is in the ownership of voting shares in television companies. Mr Gill's substantial voting slice of ACC is subject to IBA discipline and if he decided to sell, the authority would have to approve the purchaser.

THE LEX COLUMN

The Sun dividend also rises

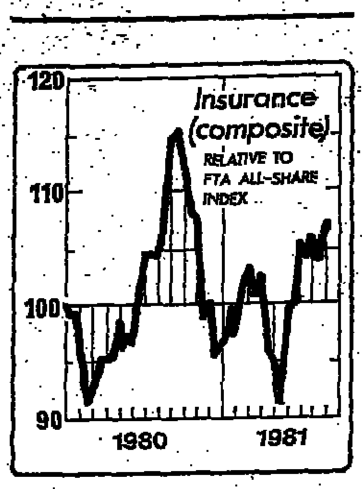
Allianz Versicherung did the shareholders of British composite insurance companies an excellent turn when it raided Eagle Star three months ago. Dividend growth in the sector has since moved into top gear: yesterday both Guardian Royal Exchange and Sun Alliance came to the conclusion that a more liberal distribution policy was appropriate. GRE, which forecast an unchanged dividend at the time of its rights issue in May, raised the interim 12½ per cent yesterday, although profits were barely changed at £36.3m pre-tax, while Sun Alliance backed up a 56 per cent rise in pre-tax profits to £41.1m with a 30 per cent increase in the payout.

To a large extent the different performances of the two groups reflect the shape of their portfolios. Sun Alliance's UK underwritng has turned round by £16½m into a £6.8m profit, thanks to a bonanza on the household side, with higher premiums and smaller claims, a good performance in commercial fire and an improvement in the liability classes of business. In contrast, GRE has been hit by a series of disasters in South Africa, where two major fires and two batches of flood claims marred the second quarter badly. So there is a £10m rise in miscellaneous underwriting losses—which includes not only South Africa but also the central reinsurance activites.

In territories such as Australia and Canada, where GRE's operating ratios were respectively 120 and 125 per cent, both groups are having a pretty horrible time. In Canada there are signs that the cycle is turning—GRE has just raised its motor premium rates in Quebec by 68 per cent—but in Australia there is still blood all over the walls. Competitive pressures in the UK are likely to increase but it remains an exceptionally comfortable market by international standards.

Both companies seem likely to repeat their interim dividend increases at the final stage, which puts GRE shares, down 24p yesterday to 356p, on a prospective 7.1 per cent yield, with Sun Alliance, up ½ to £10⅜, on 6 per cent. The sector as a whole still yields roughly a quarter more than the All Share Index and there may be more to come in the way of relative strength.

Index rose 0.3 to 568.3



Sterling/yen bonds

The £40m sterling/yen convertible bond issue being launched by Nippon Electric takes the total of money raised by Japanese companies through this form of security to over £140m since April. Nor is the flow of issues likely to ease, for many more borrowers are waiting on the sidelines and indeed one very large bond issue appears to be scheduled for the beginning of next week.

It is ironic that at a time when British finance directors, through their club the Hundred Group, are stepping up their campaign for the re-opening of the UK domestic corporate bond market, the Japanese are becoming highly active borrowers in the sterling markets. The point is, of course, that a company like Nippon Electric can get away with a yield of only 5 per cent on a convertible, whereas BOC International, for instance, had to pay 9 per cent.

How long the Japanese will continue to find takers for sterling convertibles on these terms is, however, a moot point. It is no longer a question of tapping a small, specialised investment demand but of attracting big buying from UK investment institutions. These funds will need to take a jaundiced view of the performance of sterling against the yen, but a rosy one of the currently soggy Tokyo equity market. They will get a modest sterling income, against almost nothing on direct investments in the underlying equities, but they risk being trapped in poorly marketable sterling instruments.

Babcock

Last year Babcock International's pre-tax profits tumbled from £32m to £15.2m, and it looks as if there may be a further decline this year. In the first half profits have fallen by 44 per cent to £3.4m. Nevertheless the company is confident enough of a recovery in demand next year to maintain the dividend, in spite of its heavy cost. Unrecoverable ACT has exacerbated the problem of foreign taxation, to raise the effective tax rate from 59 per cent to 73 per cent. Attributable earnings before extraordinary items have, accordingly, collapsed from £2.8m to £0.9m—a bare quarter of the interim pay-out.

Worst affected by the collapse in demand has been production equipment, mining and industrial products, accounting for a £5m reduction in the first half trading contribution. Elsewhere North American margins have been under pressure, although profits are higher in sterling terms. By contrast, the power businesses are moving ahead, and now have orders through to 1984.

While demand is no longer falling in the product businesses, order books remain uncomfortably short, as they do for mechanical and process plant contracting. The shares have responded energetically to the ebb and flow of recovery hopes so far this year: at 113p, down 5p yesterday, the stock still discounts expectations of a solid improvement over the next couple of years. The yield is 9 per cent.

Weir Group

Weir Group's recovery from a pre-tax loss of £8¾m in the whole of 1980 to a profit of £3.1m in the first half of 1981 is so rapid as to raise questions about the necessity of the £16.2m capital rescue scheme worked out in April. About two fifths of the £5.4m profit improvement over the first half of last year is attributable to lower interest charges after the reconstruction and lower redundancy costs, but the remainder has come from more than doubled trading profits and a trebled contribution from associates.

This improvement must have been apparent last spring, but Weir's bankers were then unwilling to continue lending to it and the confidence of both suppliers and customers was being rapidly eroded. The shares gained 8p yesterday and, at 43p, have more than doubled since the reconstruction. That leaves RIT and its U.S. associate, which took up 72 per cent of the new preference shares (convertible into 36 per cent of the ordinary) in a very comfortable position.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.